Gore Street
Energy Storage Fund

Annual Report and Financial Statements

For the year ended 31 March 2021

Contents

1 INTRODUCTION

About Us

Founded in 2018, Gore Street Energy Fund plc ("Gore Street", "GSF" or the "Company") was the first pure-play energy storage fund listed on the London Stock Exchange and as of the date of publication has a portfolio that will contribute 460 megawatts (MW) of energy storage to the UK and Ireland.[1] It is one of the largest contributors of battery storage facilities in Britain and the largest on the Irish grid network. It is listed on the Premium Segment of the London Stock Exchange and has been awarded the Green Economy mark. The Company has, post year end, been included into the FTSE All Share Index.

Corporate Purpose

Gore Street aims to deliver long-term capital growth to its investors from its portfolio of utility-scale energy storage assets located in the UK, Ireland and other attractive markets within the OECD, by managing and controlling development and operational risks to acceptable parameter, whilst optimising returns, including through geographical diversification of investments. The Company aims to make discretionary dividend payments to shareholders at a target annual rate of 7% of NAV (and a target minimum rate of 7p per Ordinary Share).

Energy storage was identified at the time of the Company's IPO as a crucial component in accelerating the transition to clean energy as it not only supports the stability of national grids but provides an economically sustainable solution to the intermittent nature of renewables.

The Company follows the Principles for Responsible Investment (PRI) by incorporating Environmental, Social and Governance (ESG) considerations into its investment practice. It is a signatory to the UNPRI, a member of the Global Impact Investing Network and a voluntary participant in the EU's Sustainable Finance Disclosure Regulation (SFDR) scheme.

[1] As at 31 March 2021, the Company portfolio was 380 megawatts, with an additional 80 MW acquired post year end. The Company has an expansion application pending before the Irish grid that would increase the portfolio size to 520MW.

Investment Proposition

GROWTH MARKET - The UK and Irish storage markets are increasingly sophisticated and include new revenue streams such as Dynamic Containment and DS3, providing more flexibility and selection of revenue generating services.

HIGH YIELD - The Company aims to deliver annual discretionary dividend payments to shareholders at a target rate of 7% of NAV (and a target minimum rate of 7p per Ordinary Share). The dividend target was met in 2019 and 2020 fiscal years.[2]

MARKET LEADER – Gore Street Capital Limited (the "Investment Manager") provides investment advice in respect of the assets of the Company and leads the day-to-day management of those investments. The Investment Manager has over seventy-five years of experience in investments within energy and infrastructure and has been successfully developing and deploying viable battery storage assets in Great Britain since 2017. The Company's highly experienced Board of Directors, all of whom are independent of the Investment Manager, engages constructively with the Investment Manager in order to ensure that the expectations of the Shareholders are being met.

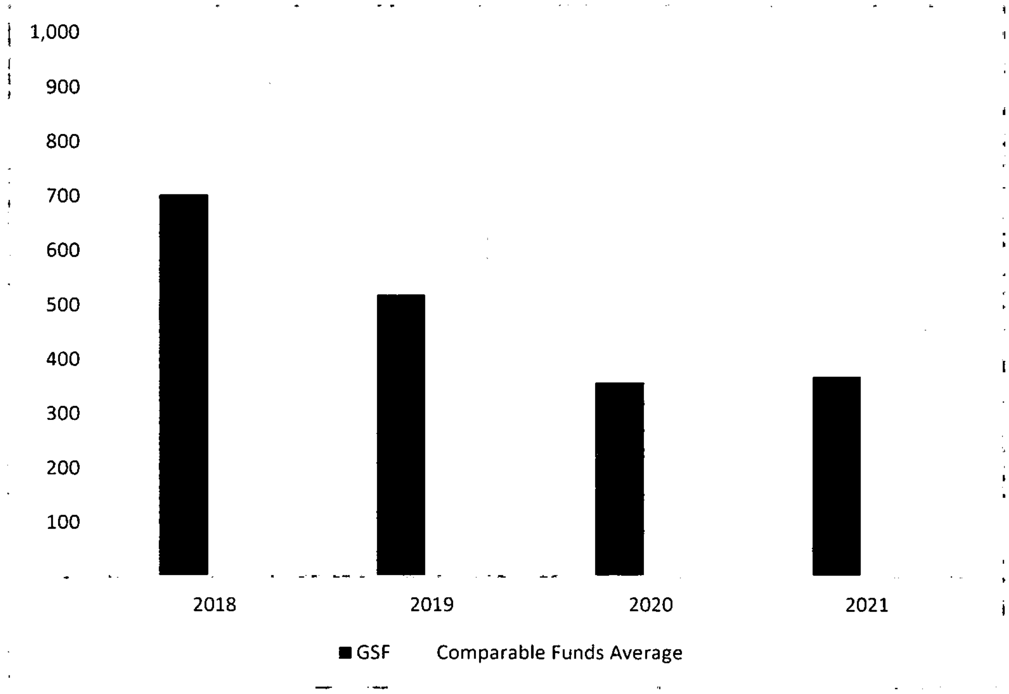
ESTABLISHED PARTNERSHIPS - The Company has strong relationships with various partners across the energy storage life cycle. Its investments in Ireland are supported by an investment into the Company by the Irish sovereign wealth fund.

PROVEN TECHNOLOGY – The Company has impressive operational and health and safety records. Its substantial market share in the British and Irish markets is indicative of its operational and technological reliability across large-scale grid storage services.

[2] Past performance is not a guarantee of future results.

LOWER DEPLOYMENT COST - The Company has historically had lower installment costs per MW deployed than comparable funds in the same market.

Installed cost £/MW comparison between GSF and a 'similar' Fund (£000's)[3]



PIPELINE - The Company has a robust pipeline in Great Britain, Western Europe and North America and intends to deploy 40% of its capital outside the UK and ROI, accessing multiple OECD markets as they incorporate storage into their renewable energy transition programmes.

[3] Installed costs for GSF estimated based on date of IPO for seed assets (2018), and date of energisation of assets for subsequent years. Installed costs for the 'similar' fund based on publicly available information.

Note: Installed cost £/MW for GSF may include the present value of future EPC milestone payments discounted at 10%

Highlights

As at 31 March 2021:[4]

Market Capitalisation **£155.4 million**	Annual Dividend **7.0 pence**	Total Returns since IPO **25%**
NAV **£ 145.1 million**	NAV per share **100.9 pence**	NAV total returns since June 2018/IPO (March 21) **20.7%**

[4] Note on Annual Dividend: A total of 6.0 pence in dividends was paid in the financial year and the remaining 1.0 pence will be paid at the time of publication.
Note on Total Returns: On a share price basis
Note on NAV: Reflects a 192% increase on the 2020 NAV.

Key Metrics

Table 1: Key Metrics

	31 March 2020	31 March 2021
Net Asset Value (NAV)	£49.7 m	£145.1 m
NAV per share[5]	94. 6p	100. 9p
NAV Total Return[6]	10.6%	14.1%
Number of issued Ordinary shares	52.5 m	143.9 m
Share price based on closing price of indicated date	97.3 p	108.0 p
Premium to NAV[7]	2.9%	7.0%
Market capitalisation based on closing price at indicated date	£51. 1m	£155.4m
Portfolio's total capacity	189.0 MW	380.0 MW
Dividends announced[8]	7.0 p	7.0 p
Ongoing charges[9]	2.2%	2.2%

[5] NAV per share is calculated as Total NAV divided by the total number of shares outstanding within the respective period.

[6] NAV total return is calculated as the difference between the closing NAV at 31 March 2021 and opening NAV at 31 March 2020 plus dividend paid for the period divided by opening NAV ((100.9-94.6+7)/94.6)*100). This is an alternative performance measure.

[7] Premium to NAV calculated as the difference between the closing price on 31 March of 2021 to NAV on 31 March of 2021. (108-100.9/100.9)*100). This is an alternative performance measure.

[8] A total of 6.0 pence in dividends was paid in the financial year and the remaining 1.0 pence is expected to be paid following the end of year Board meeting in July 2021.

[9] Ongoing Charges: The expenses of managing the Company are reviewed quarterly by the Board. Ongoing charges are those expenses of a type that are likely to recur in the foreseeable future. The ongoing charges figure of 2.2% exclusive of performance fee - ((2,339,714/104,226,092.25)*100), (2.7% inclusive of performance fee - ((2,836,175/104,226,092.25)*100) is calculated as the ongoing charges incurred by the Company (including costs charged to capital but excluding interest) divided by the average undiluted net asset value (with debt at market value) for the period and expressed as a percentage. This is an alternative performance measure.

1.2 Group Overview

The Company has an interest in twenty-three assets (held within 14 portfolio companies) of which fifteen assets were acquired within the fiscal year.[10]

DEPLOYMENT - In June 2020, the Company completed the acquisition of a 100 per cent interest in Ferrymuir (50 MW) in Scotland. The acquisition of Anesco's operational portfolio of 14 assets in October 2020 further increased the Company's operational portfolio by 81 MW, generating cashflow immediately upon acquisition. Post year-end, the Company acquired Stony Energy Storage Limited, an 80 MW development project.

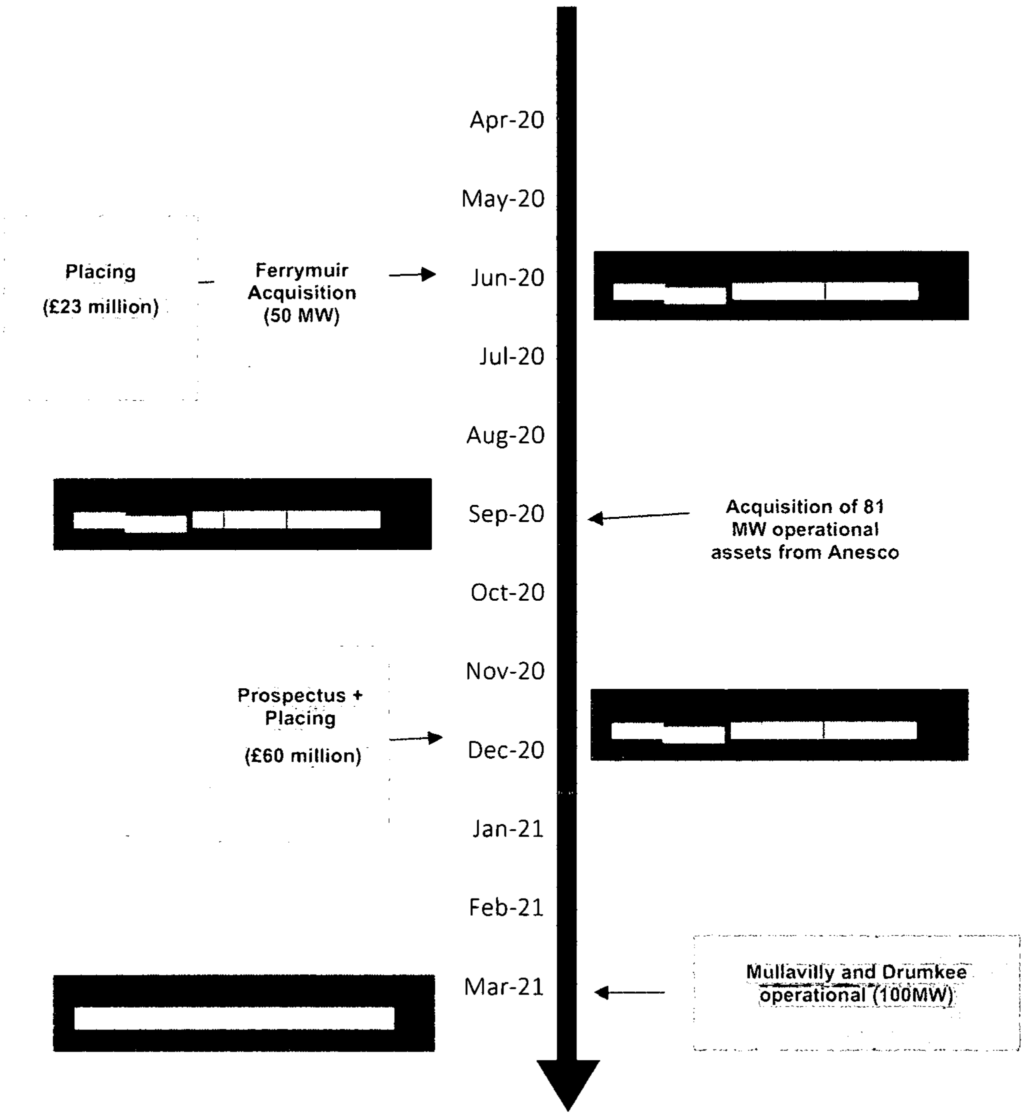
FUNDRAISE – The Company raised £91.3 million as of March 2021 through two placings in July (£23.7 million) and in December (£60 million) (with the remainder provided as share consideration for the acquisition of Anesco's operational portfolio).

Post year-end, the Company raised a further £135 million.

[10] Stony Energy Storage Limited, the last of the 14 holding companies and assets, was acquired in May 2021, post-fiscal year.

Key Milestones

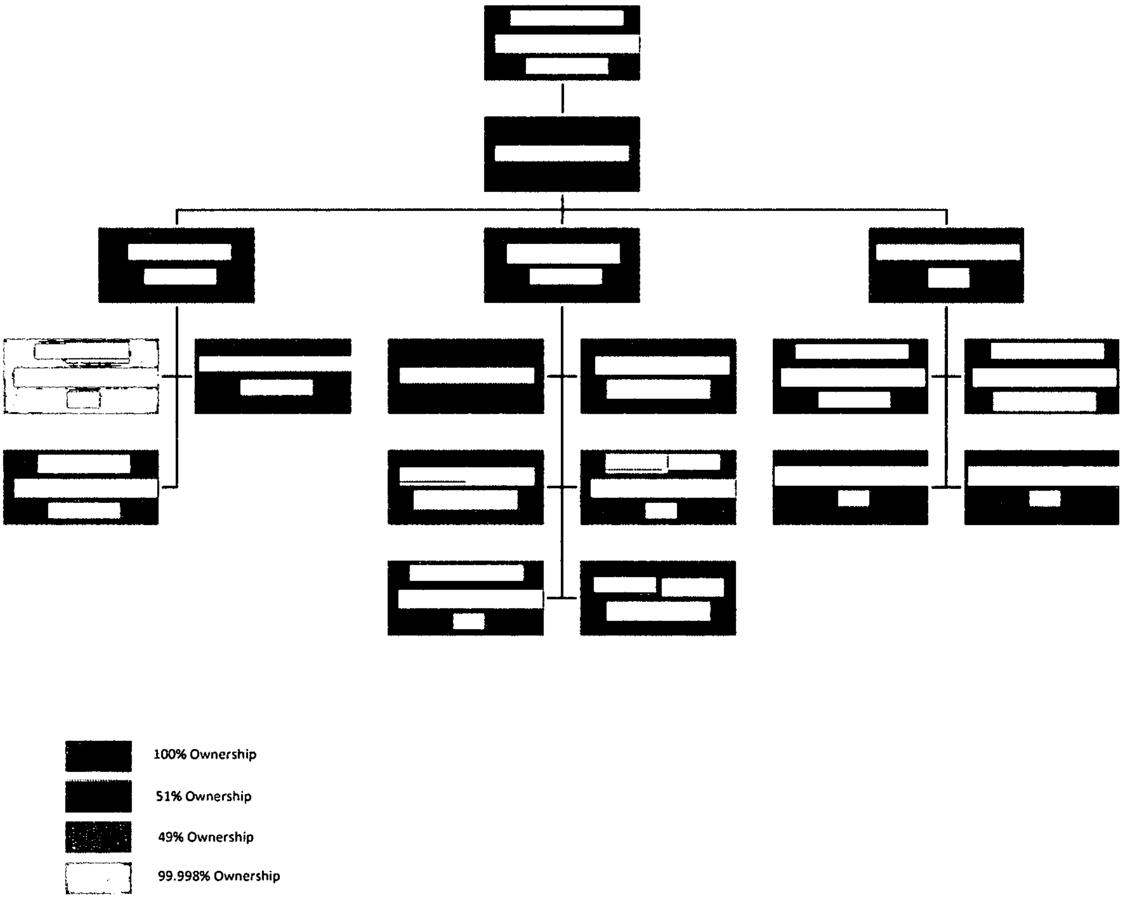
Figure 3: Key : milestones[11]



[11] *1.0 pence declared for the period, and is expected to be paid after the July board meeting.

Organisational Chart

Figure 1: Organisational Chart as of 31 March 2021[12]

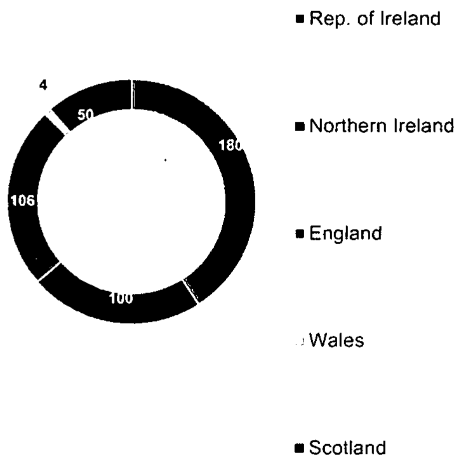


[12] NK Boulby Energy Storage Limited holds NK Boulby, Kiwi power ESB holds Cenin, OSSPV001 Limited holds Port of Tilbury and Lower Road assets

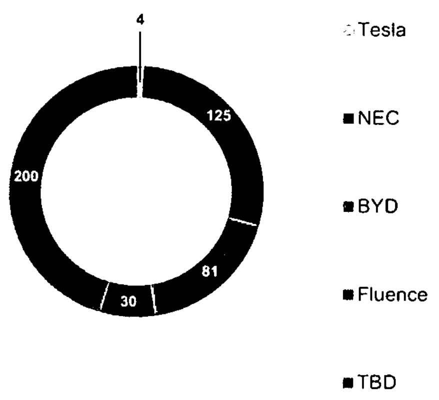
Portfolio Composition

Breakdown of total portfolio including (construction and operational assets) by MW as of 31 March 2021:

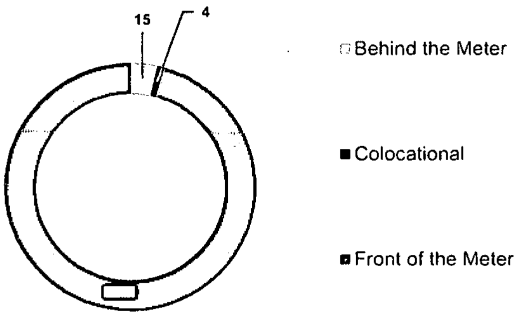
Geography – by MW



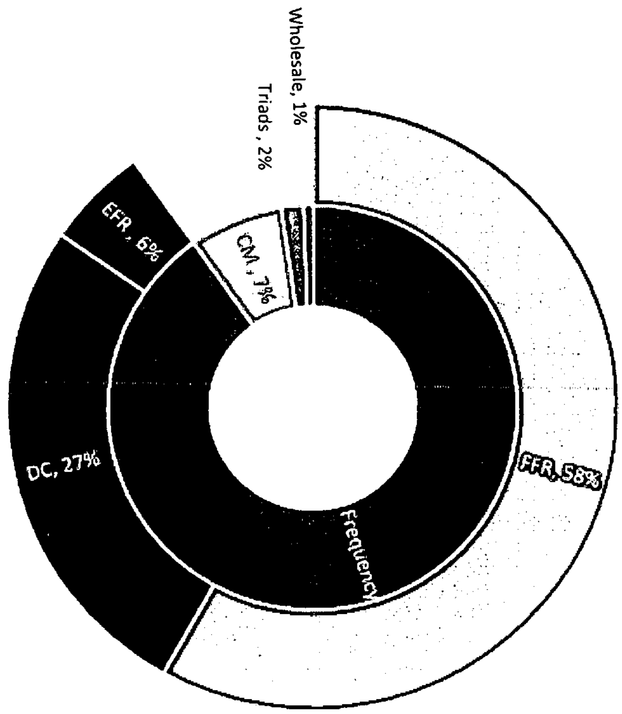
Battery Suppliers - by MW



Meter Position -
by MW



Portfolio Revenue Diversification[14]



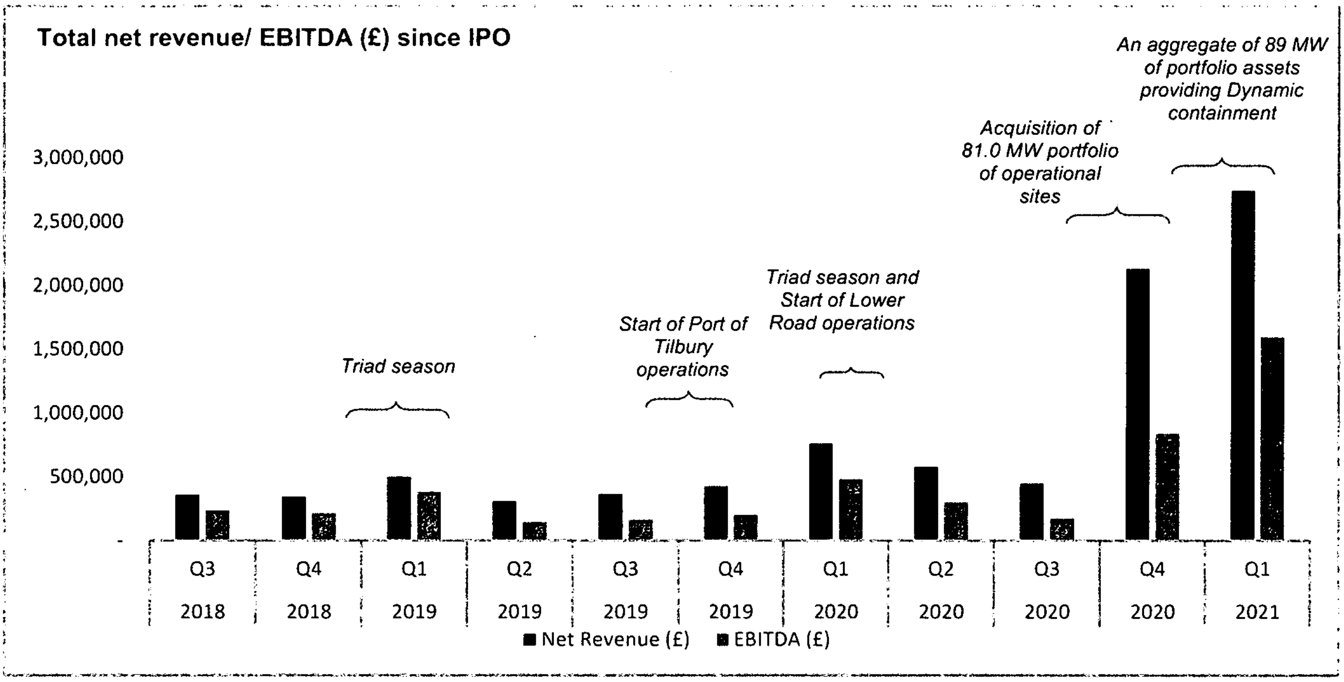
13

Market Share

A summary of the Company's revenue stacking strategy is available on pages **25 to 27.** An overview of the suite of available market services in the British and Irish markets is provided in pages **28 to 29** below.

[13] Co-locational refers to an asset that is co-located with a renewable energy generation park in Front of the Meter or Behind the Meter.

[14] FFR means firm frequency response, DC means dynamic containment, EFR means enhanced frequency response, CM means capacity market.

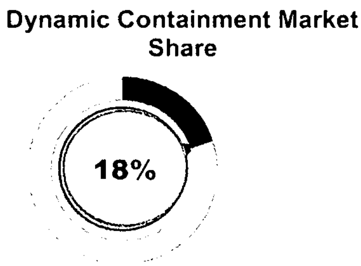


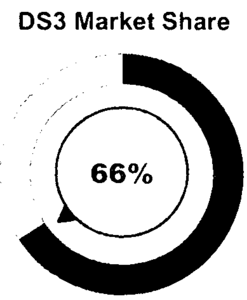
Revenue Market Performance in the UK and Ireland

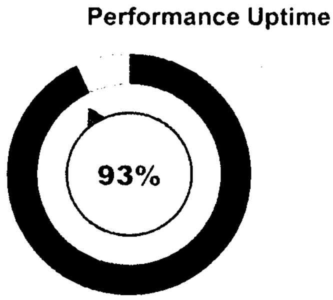
The Company continues to maintain a significant share of the storage revenue market, with 90 per cent of its GB operational portfolio delivering National Grid's new frequency service, dynamic containment. In the fiscal year, the Company's services accounted for 18 per cent of the dynamic containment market in Great Britain's storage market.

As an early participant and market leader in Northern Ireland, Gore Street has commenced delivery of 63 per cent of the energy storage services within SONI's DS3 market.

On average, the Company's delivery success rate is 93 per cent[15] across its entire portfolio.



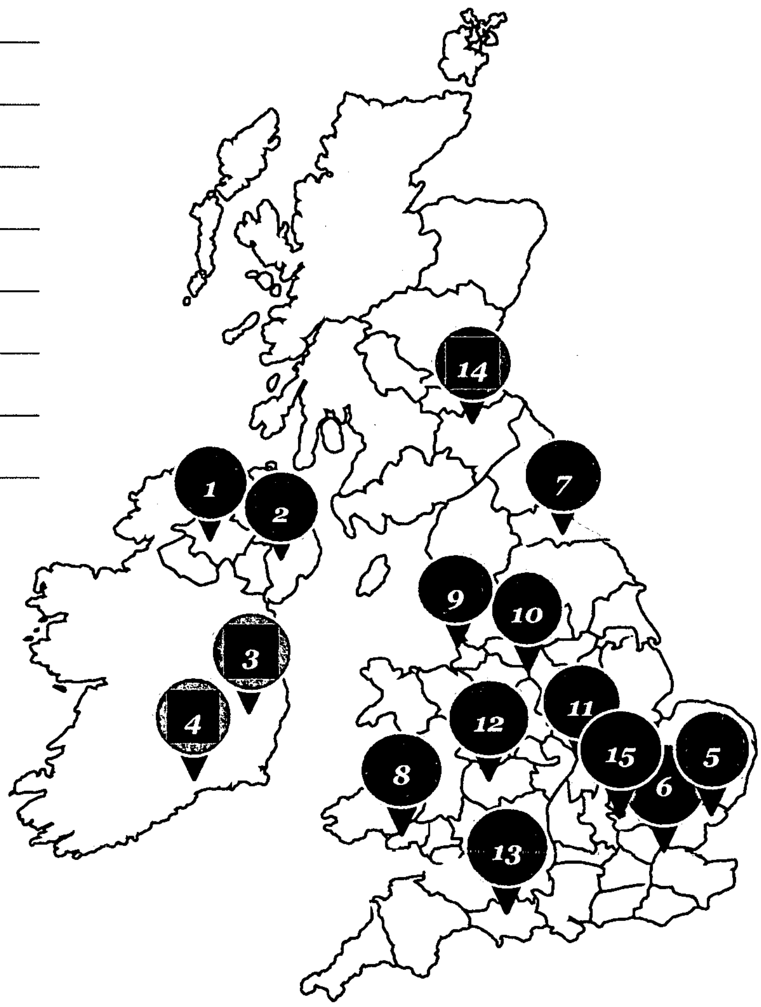




[15] Delivery success is calculated by measuring an asset's availability for grid revenue services, exclusive of downtime scheduled for planned maintenance.

Portfolio by Location

1. **Drumkee**	8. **Cenin**
2. **Mullavilly**	9. **Hulley**
3. **Porterstown**[16]	10. **Lascar**
4. **Kilmannock**[15]	11. **Breach**
5. **Port of Tilbury**	12. **Larport**
6. **Lower Road**	13. **Ancala**[17]
7. **Boulby**	14. **Ferrymuir**[15]
15. **Stony**[18]	



[16] Assets under construction.

[17] The Ancala asset comprises 10 smaller sites of 1.0MW – 1.2MW across the UK.

[18] Stony was acquired post period end.

Net Asset Value

There was a NAV increase of 6.3 pence per share in the fiscal year, which represents a net asset total return of 14.1 per cent inclusive of dividends paid during the fiscal year. From IPO to 31 March 2021, the Company has delivered a net asset total return of 20.7 per cent inclusive of dividends paid during each fiscal year.

Table 2: Net Asset Value of GSF: quarterly progress

Quarter End	Pence per share
Mar-20	94. 6
Jun-20	96.2
Sep-20	97.3
Dec-20	99.6
Mar-21	100.9

Dividend History

Since IPO, the Company has targeted an annual dividend of 7.0 pence in each financial year. The Company is pleased to announce that as of the publication date, the Company has declared total dividends of 7.0 pence with respect to the period ending 31 March 2021, as targeted.

Table 3: Dividends in respect of Per Quarter Ends

Ordinary Shares	
Quarter	Dividends
30 June 2020	2.0p
30 September 2020	2.0p
31 December 2020	2.0p
31 March 2021	1.0p[19]

[19] 1.0 pence declared for the period, is expected to be paid after the July board meeting.

1.3 Chairman's Statement

I am pleased to present Gore Street's third annual report and accounts for the year ended 31 March 2021, which shows a material progression in the growth of both our Company and the energy storage industry in general. In a year marked with so much volatility and uncertainty we are particularly proud of our delivery of growth in the portfolio and our continued focus on sustainability, as promised to our investors.

Year in Review

This fiscal year, once again, marks a number of milestones for Gore Street.

We exceeded a £100 million market cap, ending the fiscal year at £155.4 million. Post year-end (by the time of publication), our market cap rose to £307.71 million[20], resulting in our inclusion in the FTSE All Share Index.

We increased our operational portfolio seven-fold in the past year, and now have 210 MW across two different jurisdictions generating revenue for the Company (constituting 48% of total portfolio as of 31 March 2021). The size of the portfolio has increased by a factor of sixteen since our IPO only three years ago.

We became the largest operator of energy storage in Northern Ireland, adding 100 MW to the Irish grid and acquired an additional 81 MW of operational assets in Great Britain, making us amongst the largest energy storage portfolios in Britain and the largest in Ireland.

We are pleased to have been featured recently in the LSE's 2021 Green Economy report, which notes the market's appreciation of the role our energy storage portfolio plays in supporting "ever larger amounts of renewable energy for hundreds of thousands of UK homes"[21].

We are changing our website to better communicate our services and performance to the public. I expect soon to include data that more deliberately tracks the environmental impact of our operational services in the UK and Ireland.

Overview of Revenue and Operational Performance

The regulatory and market frameworks for energy storage are maturing rapidly with many early participants leaving the energy storage market as the required level of expertise and performance increases.

We are proud to note that Gore Street and its partners, in record time, have met the National Grid's demands for early delivery to the grid of a new frequency service, dynamic containment. Delivery of this service resulted in a 65 per cent increase in the operational portfolio's average revenue against anticipated earnings.

We maintained high operational performance of British assets in the fiscal year, averaging a 93 per cent delivery success rate across the portfolio[22], with no health or safety incidents in the year. We faced some

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[20] Market captilisation as of 12 July 2021.

[21] Green Economy Report is available at: 20 July 2021.

[22] Delivery success is calculated by measuring an asset's availability for grid services, exclusive of downtime scheduled for planned maintenance.

challenges with one of our earliest developments, NK Boulby (6MW), which is undergoing a series of upgrades to allow it to hold and meet its power requirements. With the exception of NK Boulby, all assets delivered a robust and reliable performance throughout the fiscal year, operating near nameplate portfolio capacity at an average of 98%.

Our deal pipeline remains extensive. We have 300 MW in exclusivity as of the date of publication. Our strong focus on cost has allowed us to reduce our average cost of deployment per MW by 47% since IPO, which, alongside our expertise in monetisation of our portfolio, marks us out as the preeminent investor in this space. Our pipeline reflects that we are now looking beyond the UK and Ireland to mainland Europe and North America for opportunities to support and collaborate with regional and national power stakeholders in the transition from fossil fuels to renewable energy.

Dividends

The Board declared dividends amounting to 7p per Ordinary Share in the fiscal year, with the final 1p payment scheduled for distribution around the time of publication of this report.

Human Capital

We view the quality and culture of our investment management team as key to our success. It is a high-performing culture that emphasises productivity and financial and operational responsibility. The manager has attracted great people representing a diverse array of perspectives, cultures, and skills. This growing team is working collaboratively and efficiently for the benefit of the Company and has done so admirably notwithstanding the challenges arising from remote working during the COVID-19 pandemic, a fact which I wish to acknowledge with thanks on behalf of the Board.

Environmental and Social Sustainability

The Company's role in maintaining the stability of national and regional grids during their transition to clean energy was recently recognised by the award of the London Stock Exchange's Green Economy Mark, which is provided to companies that derive 50% or more of their revenues from environmental solutions. We have started to collate data to better assess the impact and effectiveness of our systems in supporting the net zero ambitions of the grid systems that we support.

The Company aims always to operate in a manner that safeguards public health, property and the environment and is proud to note that it has had no health or safety incidents or community complaints in the fiscal year.

Gore Street is aware of its responsibility as a leader in this nascent industry to promote the continuous integration of economically, environmentally and socially sustainable practices into its investment, construction and operational decision making. We commit to transparently communicating our progress in implementing and improving our processes over the coming years.

COVID- 19 And Other Risks

The spread of the coronavirus (COVID-19) and its associated public policy containment measures has created significant volatility and uncertainty for businesses across the globe. In accordance with government policy the Investment Manager closed its offices obliging team members to work from their places of residence whenever possible. It is to the great credit to all involved, individually and as a team, that these restrictions have not negatively impacted the Company's productivity nor its construction activities in Northern Ireland. On the contrary, the Mullavilly and Drumkee sites were commissioned slightly ahead of schedule and both began generating revenue on March 30, 2021. It remains to be seen what potential longer term effects, if any, there will be as a result of prolonged social isolation on our businesses, including the effects on our Investment Manager's employees, our suppliers, vendors or on our operational performance. We discuss COVID and other principal risks alongside our mitigation strategies on pages **39 to 41.**

DIRECTORS RESPONSIBILITIES PURSUANT TO SECTION 172

The Directors are responsible for acting in a way that they consider to be in good faith and most likely promote the success of the Company for the benefit of its members as a whole. In doing so, Directors must have regard for the needs of stakeholders amongst other matters set out in section 172 when performing their duties as discussed in the corporate governance report on pages **50 to 52**

VIABILITY AND GOING CONCERN

The Directors have assessed the prospects of the Company over a period of five years and confirm our reasonable expectation of viability and continuance over that term. The Board deemed this period appropriate due to the early stage of development of both the Company and its investment portfolio after 28 months of trading, and the nature of the business in which the Company is involved.

The Directors' assessment of Gore Street's viability and going concern are discussed in the corporate governance report on pages **48 to 49**.

OUTLOOK

The Company has a robust pipeline in Great Britain, Western Europe and North America. This reflects growing demand for large scale grid storage solutions as systems transition from fossil fuels to renewable energy. We will continue to build on our proven track record of operational and technological skills in bringing projects from the planning stage into operation, while doing so at competitive deployment costs per MW and with a strong focus on sustainable investment returns for shareholders.

Patrick Cox

Chairman

Date: 14 July 2021

2 STRATEGIC REPORT

Importance of Storage

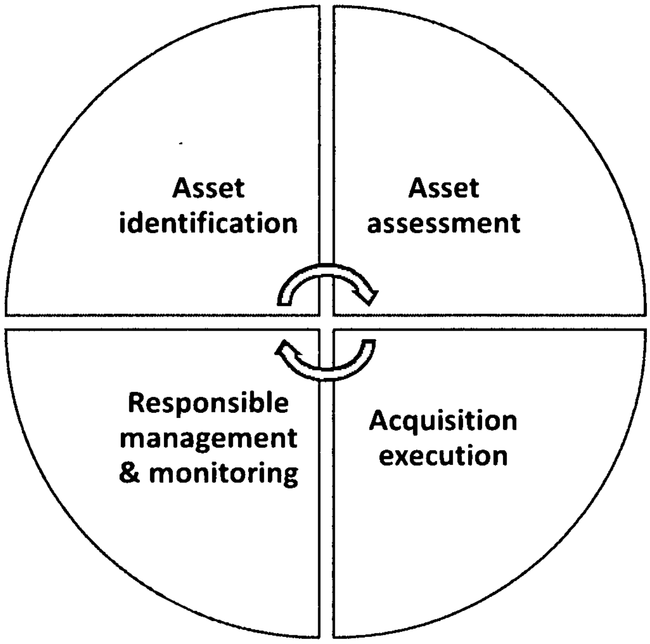
The UK and Ireland are among the many countries transitioning from fossil fuels to renewable and other low carbon generation options as part of the global commitment to mitigate climate change. The transition presents challenges and opportunities. Among the challenges are the intermittency of weather-dependent renewables vis-a-vis consistent power demand, creating difficulty for network operators. Rapid advancements in battery technology have enabled grid-scale battery storage systems to emerge as a key solution to solar and wind intermittency, as well as to serve as a pivotal tool in avoiding major grid outages and blackouts.

2.2 Business Model

Gore Street is a pure-play energy storage investor.

The Company seeks to provide investors with a sustainable and attractive growth portfolio over the long term by investing in a diversified portfolio of utility-scale energy storage projects primarily located in the UK and Ireland, while actively evaluating opportunities for expansion into attractive market within OECD countries. In addition, the Company aims to make annual discretionary dividend payments to shareholders at a target rate of 7% of NAV (and a target minimum rate of 7p per Ordinary Share).

The Company will not invest in any projects under early-stage development so that, save in respect of construction and final delivery of the battery systems, the key components of the projects (with respect to land, planning permissions and grid offers) are in place before or at the time of acquisition.



Asset identification

Gore Street has assessed hundreds of opportunities since IPO and maintains a discipline of only investing in energy storage opportunities that meet our investment policy and criteria. We have established a strong network of diligent project developers with an understanding of the environmental and regulatory guidelines for early-stage project development to ensure that projects identified for investments meet (or will meet) land, planning and grid energisation requirements by the time of acquisition.

Asset assessment

We have a coordinated and leveraged approach to investments in the renewable energy sector. Our experienced team of investment professionals have the necessary legal, financial and technical experience to properly evaluate developmental and operational opportunities within British, Irish, continental European and American markets. We design our projects with flexibility in mind, so that they are able to adapt to the evolving storage policy climates in these markets and to the changing regulatory and technological landscapes implemented by national and regional grids.

Acquisition execution

We have a competent deal team to manage transaction structuring, risk allocation, and project transfers in an efficient and timely manner.

Responsible management and monitoring

We work to continuously integrate environmental, social and governance considerations into every aspect of our investment process. At the time of publication, we are a UNPRI signatory and have committed to comply with the EU's SFDR Article 8 regulations.

2.3 Investment Policy Summary

Investment Objective

The Company seeks to provide investors with a sustainable and attractive growth portfolio over the long term by investing in a diversified portfolio of utility scale energy storage projects primarily located in the UK and the Republic of Ireland, although the Company also actively considering projects in North America and Western Europe in accordance with the Company's investment policy. In addition, the Company aims to make annual discretionary dividend payments to shareholders at a target rate of 7% of NAV (and a target minimum rate of 7p per Ordinary Share).

Asset Diversification and Stacking

The Company will be permitted to invest in any single project (or interest in any project) that has an acquisition price of up to a maximum of 25 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will target a diversified exposure with the aim of holding interests in no fewer than 10 separate projects at any one time once fully invested.

Hedging Arrangements

The Company is finalising documentation of Euro-based hedging arrangements with Santander bank to allow for the efficient management of its Euro-based portfolio supporting the Irish grid.

Gearing

The Board and the Investment Manager periodically review the Company's gearing policy to ensure that it is accretive to Shareholders and in line with the financing needs of the Group's expanding portfolio. As at 31 March 2021, the Company acts as guarantor under a £15 million facility agreement held by the Company's holding company, GSES 1 Limited. The facility shall be used to fund the acquisition and/or construction of assets. At present, the Company policy states that the maximum level of leverage it can employ may not exceed 15 per cent (at the time of borrowing) of the Company's Gross Asset Value.

Geographical Concentration and Diversification

In the past year, the Company invested in projects within the United Kingdom with a combined energy capacity of 131 MW, of which 80.7 MW was operational at the time of acquisition. Although the Company will generally hold assets until the end of their useful lives, it has the flexibility to dispose of assets where the Investment Manager determines that it is in the Company's interests to do so.

Gore Street has expanded its investment pipeline beyond the UK and the Republic of Ireland and is evaluating projects that meet its return criteria in North America and Western Europe. No more than 40 per cent of its Gross Asset Value will be invested outside of the UK and the Republic of Ireland.

The Company intends that no single project or interest in any project will have an acquisition price greater than 25 per cent of Gross Asset Value. The Company will hold interests in no fewer than ten separate projects at any one time once fully invested.

Investment Criteria

The Investment Manager evaluates all acquisitions against the Investment Policy. Save for construction and final delivery of the battery systems, all other key development components of a project must be in place before investment or must be simultaneously arranged at the time of investment.

The application of the investment criteria for Ferrymuir, an asset acquired in Scotland during the fiscal year, is set out below.

Table 4: Application of Investment Criteria at Project Completion

Investment Criteria	Ferrymuir
Grid Connection Offer	✓
Land Consents	✓
Visibility of Revenue Contracts	✓
Planning Approval	✓

Pipeline Update

As of the date of publication, the Company's pipeline consists of over 882 MW in GB, Ireland, Continental Europe and the US.

Table 5: Pipeline as of the date of publication.

Project	Location	Total project size - MW
Project 1	GB	50.0
Projects 2 -5	GB (co-locational)	up to 250.0
Project 6	GB	100.0
Project 7	GB	50.0
Project 8	GB	50.0
Project 9	RoI	60.0
Project 10	RoI	60.0
Project 11	ROI	50.0
Project 12	ROI	30.0
Project 13	ROI	30.0
Project 14	ROI	10.0
Project 15	US	20.0
Project 16	US	100.0
Project 17	GE	22.0
Total		882 MW

3 INVESTMENT MANAGER'S REPORT

Portfolio Overview

The Company has an interest in twenty-three assets held within 14 portfolio companies.[23]

Summary of Recent Portfolio Developments

In the fiscal year 2021, the Company increased its operational portfolio seven-fold, and now has 210 MW generating revenue (constituting 48% of total portfolio MW as of 31 March 2021).

The acquisition of Anesco's operational portfolio of 5 companies comprising 14 sites in October 2020 increased the Company's British operational portfolio by 81 MW, generating cashflow immediately upon acquisition.

Despite construction during the peak of the Covid-19 pandemic, the Company's assets in Northern Ireland, Mullavilly and Drumkee, were commissioned in March 2021 generating revenues in the Irish DS3 services market.

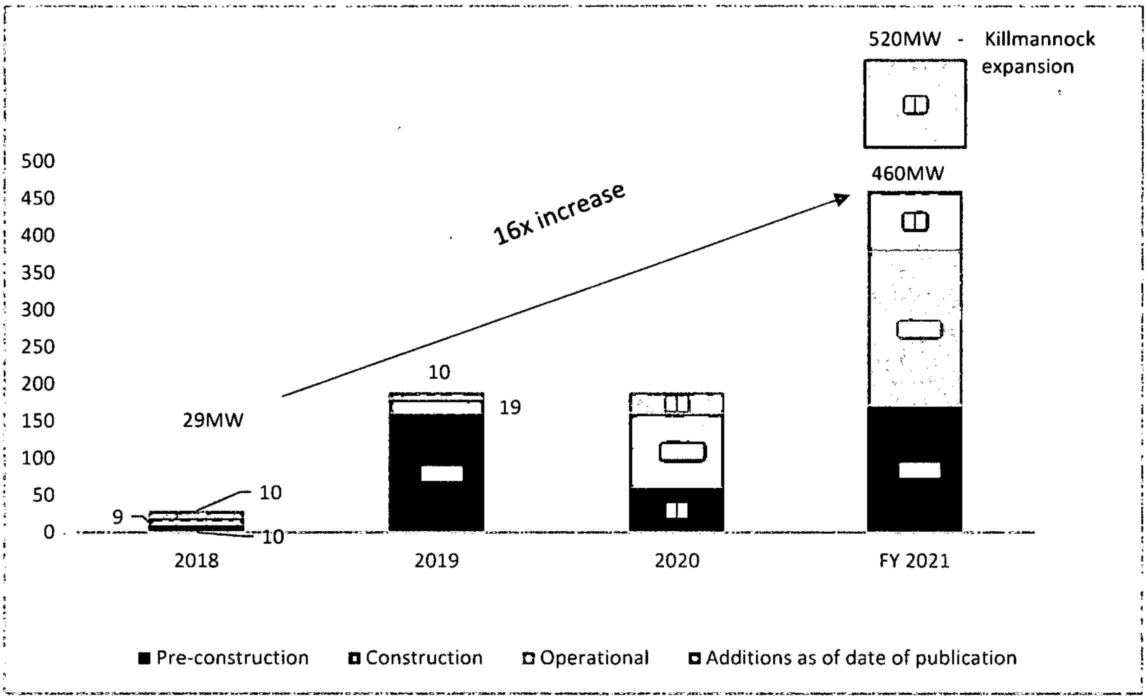
The acquisition of Ferrymuir in June 2020 represents the Company's first activity in Scotland, with construction expected to commence in the last quarter of 2021.

Porterstown, one of the Company's assets in the Republic of Ireland, was one of just a few storage assets to be offered the opportunity to expand its operational capacity from 30 MW to 90 MW. The Company's other Irish asset, Kilmannock, has also applied for increased capacity.

Stony, an 80 MW project in England, was acquired after the fiscal year in May 2021, bringing the total Company portfolio as of the date of publication to 460 MW. Upon approval of Kilmannock's application for expansion, the Company's portfolio would increase to 520 MW.

[23] Stony Energy Storage Limited, the last of the 14 holding companies, was acquired post-fiscal year.

Figure 4: Portfolio by Stage – in MW (460 MW as at the date of publication)

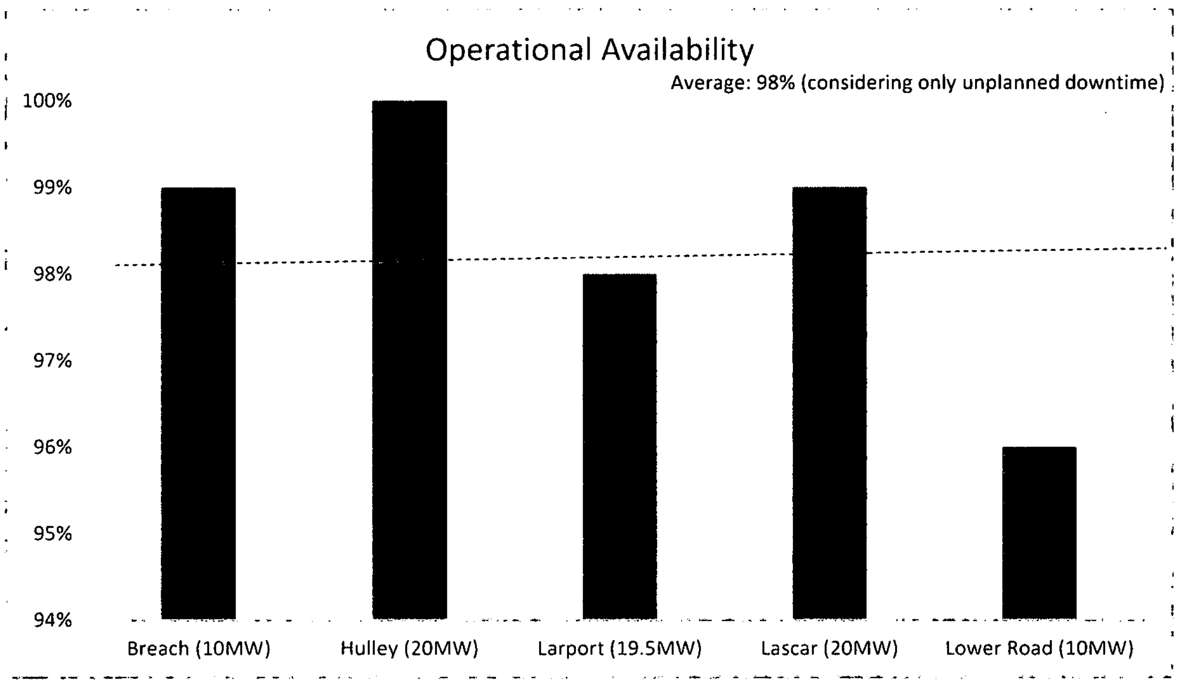


As of the date of publication, the Company will have increased the portfolio size by nearly 16 times since the date of its initial public offering in May 2018, and upon approval of Kilmannock expansion, will be at nearly 18 times larger since the date of its IPO.

The Company has an 86 per cent increase in its operational portfolio when compared to 2020 and a 69 per cent increase on overall portfolio capacity when compared to 2020 (excluding the potential Kilmannock expansion).

Asset Performance

Figure 6: Operational Performance for the Period



On average, the Company's delivery success rate throughout the fiscal year was 93 per cent across its entire portfolio. NK Boulby had periods of unplanned downtime during the fiscal year, although by year end it was operational and delivering frequency response services at a reduced capacity of 4MW. The Company is replacing equipment at the site to better meet its power requirements. With the exception of NK Boulby, all assets were operationally reliable during the fiscal year, operating near nameplate portfolio capacity at an average of 98%.

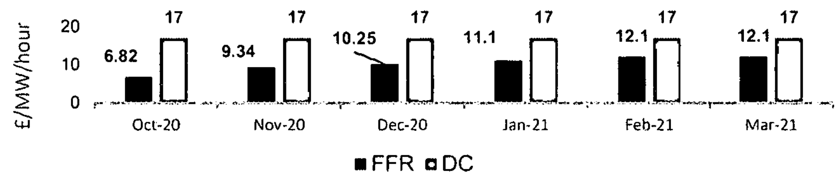
Health & Safety

There were no HSE incidents at any sites during the period.

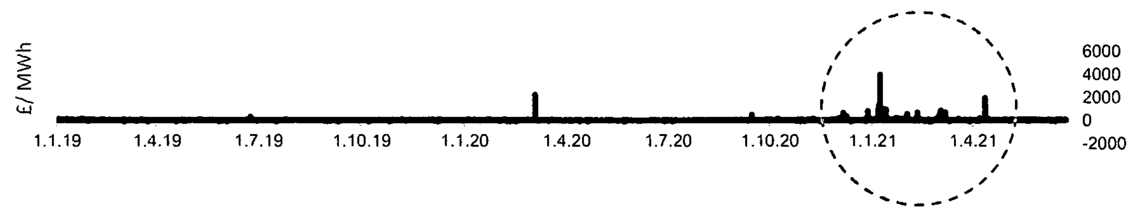
Revenue Stacking During the Fiscal Year

The Investment Manager constantly assesses options for revenue generation. Profitability maximisation remains a key aspect of Gore Street's revenue stacking strategy. The majority of the portfolio assets provide frequency services (EFR, FFR and DC) that reward the Company for fast response with delivery durations of 30-minutes minimum. An overview of the suite of available market services in the British and Irish markets is provided in pages **26 to 29** below.

The Company received higher than anticipated frequency revenues due to delivery of a new service, dynamic containment, which (for the period between its introduction in October 2020 to March 2021) was achieving prices capped at £ 17/MW/h, as compared to £ 10.3/MW/h for Fast Frequency Response during the same period.[24] National Grid has announced an expected demand of 1 GW for dynamic containment services and the Investment Manager intends to continue to exploit its early participation in service delivery until demand is satiated.



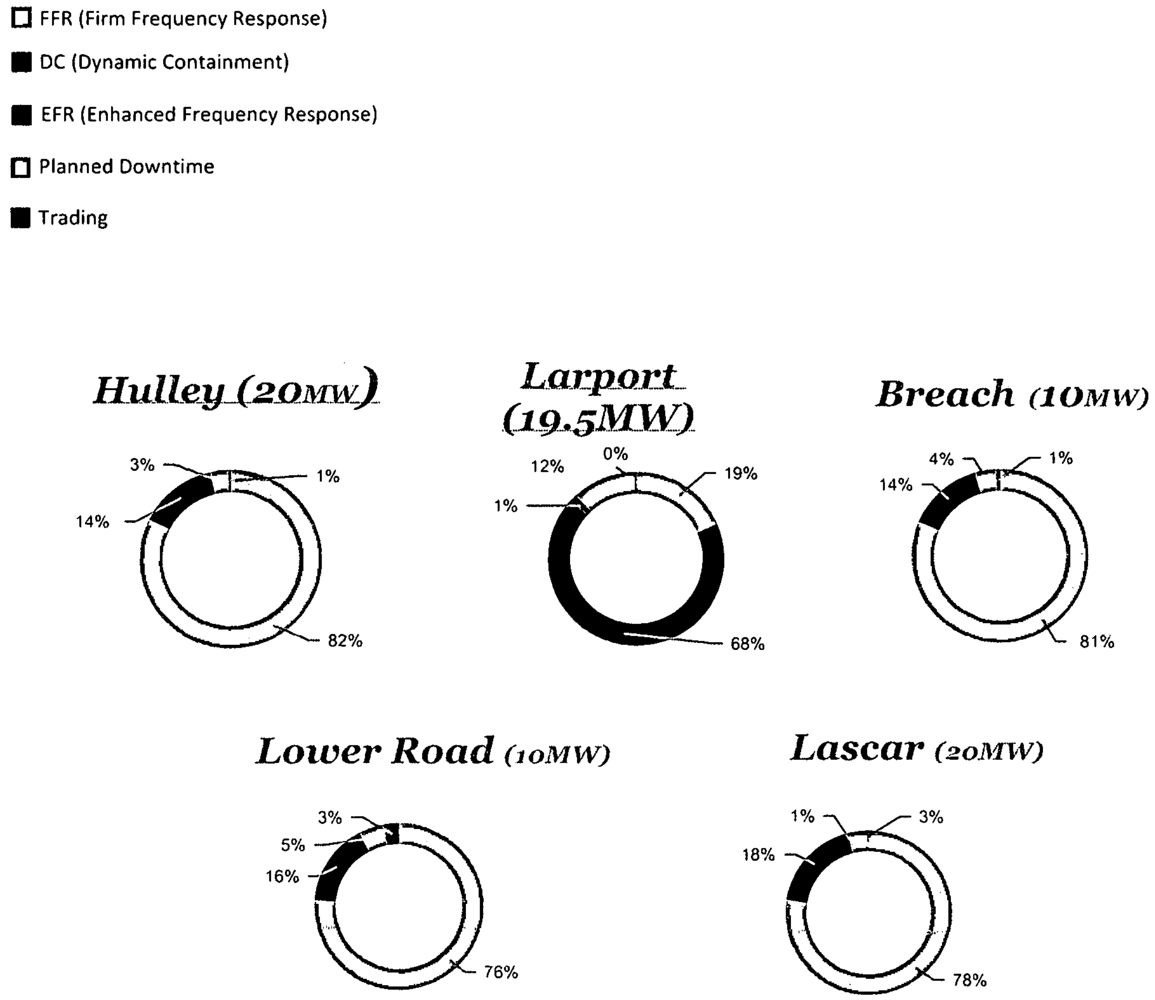
The Investment Manager participates in wholesale trading when appropriate to exploit spikes in market volatility. For instance, during the march-end quarter of 2021, the Investment Manager identified and took advantage of revenue trading opportunities to deliver payments higher than the available suite of frequency response revenue.



The Company's sites in Northern Ireland became operational at the end of the fiscal year. Both benefit from DS3 uncapped revenue contracts and are expected to form a significant and meaningful part of Company's revenue mix going forward, not least because of EirGrid and SONI's announcement of an extension of the DS3 programme until 2024.

[24] Past performance is not a guarantee of future results.

Figure 7: Revenue Performance for the Period



GB Revenue Outlook

Electricity transmission and distribution network operations are increasingly complex, due in part to increased penetration of variable renewable energy, with more rapid changes in power generated and increased frequency and power quality stability. As a result, grid operators need to procure capacity that can react quickly to fluctuations in generation and provide frequency and power quality stability. This manifests itself in an ever-increasing demand for battery storage projects which can address the supply and quality issues.

The introduction of a new frequency service, Dynamic Containment, in the British markets in October 2020, resulted in the Company earning approximately double the revenue price of last year's frequency response service. The GB storage market was further incentivized in the reporting period, by certain changes to market regulations in the form of reduced levies on stand-alone storage facilities and a reduction in capacity charges of approximately 30% (location-dependent). Storage is now also exempt from variable 'BSUoS' charges (system charges related to National Grid's balancing of the demand and generation on the transmission system), which could potentially reduce the costs associated with operating storage systems.

(a) Frequency Services:

Frequency services balance supply and demand of electricity to ensure that frequency remains at 50 Hz (+/- 1%). As grid technology increases in complexity, the need for balancing services increases.

Dynamic Containment is a more complex form of frequency response that requires a faster response in the event of a sudden demand or generation loss in order to manage the imbalance in frequency in under a second.

(b) Capacity Market:

The Capacity Market is a stable contract of between one to fifteen years in duration, to deliver power at times of peak demand to the grid. 87 per cent of the GB portfolio participates in the capacity market (as at fiscal year-end) and 100 per cent of the portfolio is expected to participate in the Capacity Market by October 2021.

The Company's GB portfolio benefited in the fiscal year from the highest capacity price awarded to storage at auction to date, with the recent T-4 auction (delivery year 2025/26) generating 2.5X previous revenues.

(c) Energy Trading:

The trading markets provide an opportunity to buy and sell power at attractive rates. Energy storage systems remain well-suited to take advantage of price volatility and the Company opportunistically participates in both Balancing Mechanism actions ('instructions' by the National Grid to registered systems, to balance the network in real-time) and in energy trades between consumers and generators.

Irish Revenue Outlook

The Company's assets in Northern Ireland (NI) and the Republic of Ireland (ROI) participate in the 'Delivering a Secure, Sustainable Electricity System' program ("DS3"program) and the Integrated Single Energy Market ("I-SEM") providing revenue streams which are substantively similar to the ones in Great Britain.

DS3 services as a whole represent one of the most complex packages of grid balancing activities available in the world, with extensive prequalification testing and performance monitoring requirements that confirm a battery system's capacity to manage a 'service system stacking' approach that generates similar revenue stacks to those generated by the Company's systems in GB. The Company's management of the DS3 complexities is rewarded by lucrative revenues with potential to exceed the 10% IRR target.

In March 2021, the system operator announced a 12-month extension of the DS3 service to 30 April 2024.

3.2 Environmental, Social and Governance Performance

Our Commitment to Sustainability

The Company is committed to the continuous integration of environmental, social and governance (ESG) assessments throughout its investment process and project lifecycle and has begun to monitor its ESG performance through adherence to the reporting requirements under the UN's Principles for Responsible Investment (PRI), the Task Force on Climate-Related Disclosure (TCFD) and the Sustainable Finance Disclosure Regulation (SFDR).

The Company is also a member of the Global Impact Investing Network (GIIN) and is aligned with GIIN's mission of reducing barriers to impact investment and supporting the allocation of capital to fund solutions to the world's most intractable challenges.

ESG Assessment

The Environmental Impact of our Work

Energy storage is an important component of the framework integrated into national and regional grids to stabilise the delivery of electricity whilst increasingly integrating the use of renewable generation.

The Company's role in energy storage was recently recognised by an award of the London Stock Exchange's Green Economy Mark, provided to companies that derive 50% or more of their revenues from environmental solutions.

In 2021, we started to assess and collate data on the impact and effectiveness of our systems in supporting the net zero ambitions of the grid systems that we support. The Company will begin external reporting of its performance in accordance with the PRI and SFDR frameworks in the 2022 fiscal year.

Our approach to Health and Safety

Gore Street's objective is that its sites are safe for staff and contractors. We are proud to report zero Health and Safety incidents at our sites in the fiscal year. We demand strict compliance with all applicable health and safety regulations from our partners and only work with suppliers with a record of implementing the same standards in their projects.

We investigate any near-miss or potential incidents with the goal of reflecting and continuously improving performance across our portfolio and in the industry.

Gore Street takes adequate precautions for safe design in its layout for batteries and is currently working with its partners and industry specialists, including leading insurers, to establish a framework for fire safety and accident planning protocols in order to better assess fire safety in the industry.

Our work with Suppliers

Gore Street expects its suppliers and partners to work in an environmentally and socially responsible manner.

The Investment Manager's Supply Code of Conduct requires all suppliers to the Company establish policies, due diligence frameworks, and management systems, consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, in order to ensure that parts and products supplied to projects and assets under GSC's management are "conflict-free," meaning that such minerals are sourced according to industry wide standards and do not fuel wars or benefit rebel movements.

As part of its data collection initiative, the Company will work with its suppliers in what is expected to be a multi-year effort to start to evaluate its supply chain for key social and governance risks, including risks associated with the potential integration of conflict minerals into the supply chain.

Our Sustainability

Whilst the portfolio is at an early stage of its life-cycle, with the eldest project in our portfolio at less than one-sixth of its projected lifecycle, we are aware of the need to reduce waste and are exploring opportunities to integrate a circular economy approach[25] in the manner in which we will decommission our batteries.

Our approach to the Community

The Company aims to always operate in a manner that safeguards public health, property and the environment and is proud to note that it has had no incidents of community complaints in the fiscal year.

Our partners' protocols and system designs are developed to ensure minimal disruption to communities (including noise pollution and power system interruption) during construction and operations.

Our ESG Commitment

The Company is committed to the continuous integration of ESG assessments into its investment, construction and operational decision making, and aims to transparently communicate about our progress through participation in the following initiatives:

UNPRI:

The Company has begun to adopt the UNPRI's six principles for better understand of environmental, social and governance impact and is taking active steps to improve its voluntary reporting by 2022 and to support the promotion of acceptance and implementation of these principles in the industry. The Company became a UNPRI signatory after the reporting period.

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[25] The circular economy is based on the concept that products are designed to last longer and to be reused, repurposed or recycled.

SFDR:

The Company is committed to integrating the Article 8 requirements of the EU's Sustainable Finance Disclosure Regulation (SFDR), a component of the EU Action Plan on Sustainable investment, and will disclose, in accordance with the regulations, data on our assessments of the sustainability of our investment strategy and operations, beginning in 2022.

TCFD:

The Company agrees that transparency and consistent disclosure of environmental impact are key tools in improving the sustainability. The TCFD Framework focuses on disclosure of Governance, Strategy, Risk Management, and Metrics & Targets and it is the Company's intent to continue to integrate information on its performance into its financial reporting and climate-related financial disclosures, beginning in 2022.

GIIN GLOBAL IMPACT INVESTING NETWORK

SFDR

PRI Principles for Responsible Investment

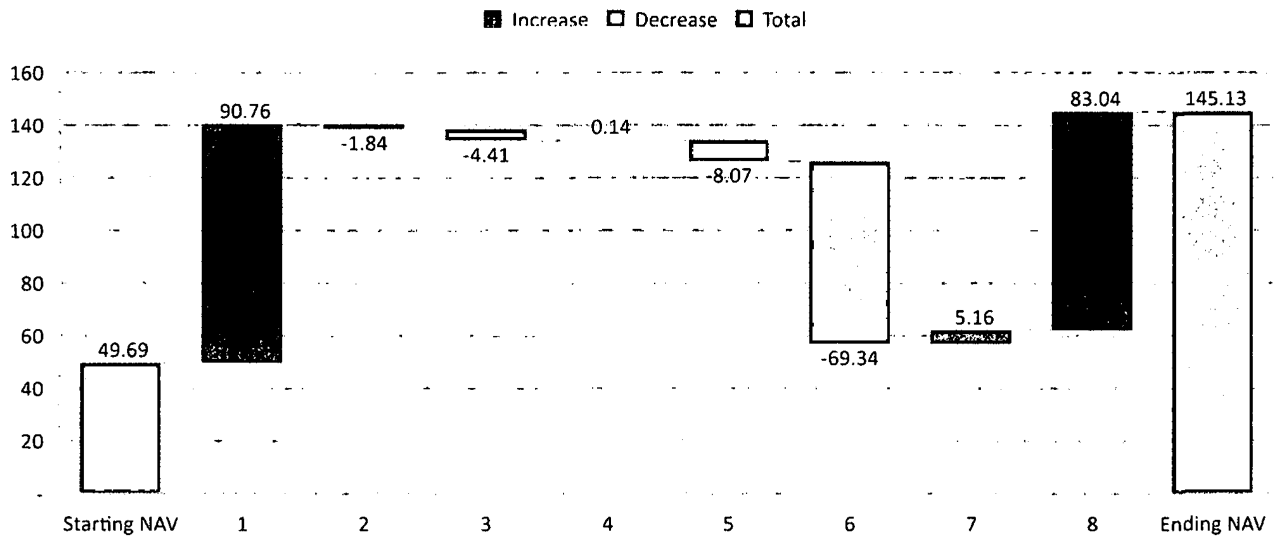
TCFD

3.3 Valuation of the Portfolio

Net Asset Value

The NAV per share for the Company as of 31 March 2021 was 100.9 pence compared to 94.6 pence as of 31 March 2020. The Company had a 192 per cent increase on NAV from 31 March 2020 to 31 March 2021 inclusive of cost aspects.

Figure 9: Net Asset Value



*Key to NAV Bridge:

1	Offering proceeds
2	Offering Expenses
3	Fund + Subsidiary Holding Companies Operating Expense[26]
4	Interest Income
5	Dividends
6	Capex and Acquisitions
7	Distribution from SPV
8	Increase in NAV of Portfolio SPV's

[26] The fund and subsidiary holding company Opex includes: £4.4 million total Opex split as £1.6 million of subsidiary Opex and £2.8 million of fund Opex.

Key NAV Drivers

Acquisition of operational assets from Anesco: The assets have provided immediate cash flow which has helped reduce the firm's cash drag.

Dynamic Containment revenue uplift: The portfolio assets within Great Britain have experienced a higher than forecasted revenue inflow due to the assets' participation in Dynamic Containment, a new frequency service demanded by National Grid.

Corporate tax rate update: The new tax rate of 25% starting 2023 is reflected within the models. For projects that can benefit from super deductibility, this has been taken into account.

Northern Irish assets becoming operational: Northern Irish assets have become operational in the period and are earning revenues in the DS3 uncapped market.

Successful de-risking of projects: Discount rates reflect the risk adjusted returns based on operational track record and delivery of construction projects to COD on time and budget. Weighted average discount rate of 8.65%.

Fiscal Net Asset Value

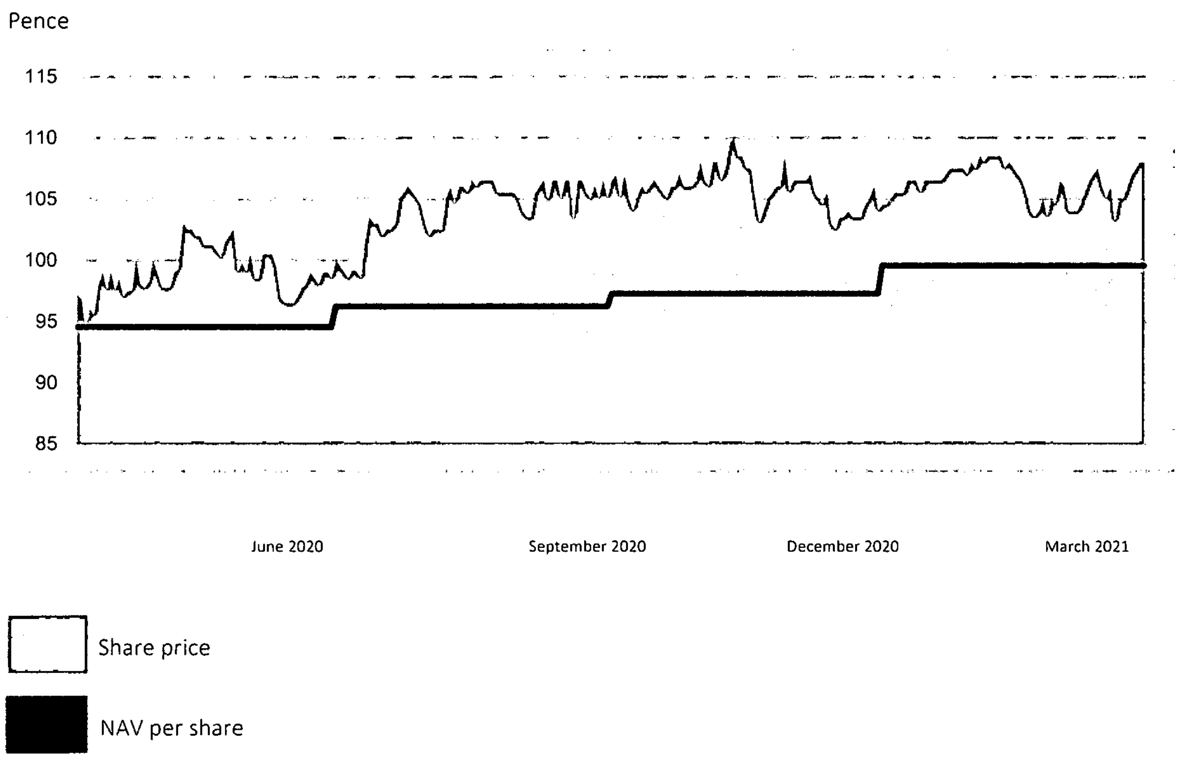
Table 7: Fiscal Net Asset Value

	Pence
NAV at 31 March 2020	94. 6
Less March 2020 declared dividend	1.0
NAV at 31 March 2020 (ex-dividend)	93. 6
NAV at 31 March 2021	100.9
Less 31 March 2021 declared dividend	1.0
NAV at 31 March 2021 (ex-dividend)	99.9
Movements in NAV (ex-dividend)	6.3
NAV Increase%	**6.7%**

Share Price performance

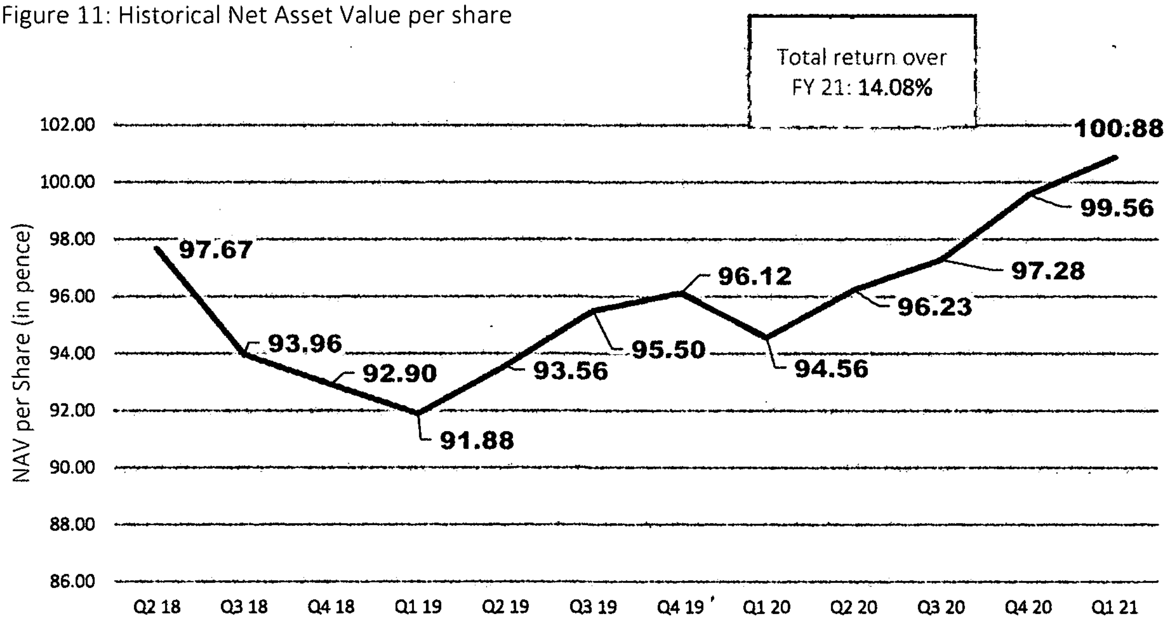
Gore Street Energy Storage Fund has consistently traded at a premium to NAV over the last one year. The Fund was included in FTSE All-shares post the year end. The share price as at 31 March 2021 was 108 pence, representing a 7.0 per cent premium to NAV. The chart below shows the share price over the year, compared to NAV per share.

Figure 10: Share Price Over Period



The NAV per share as at 31 March 2021 was 100.88 pence. The chart below shows the historical Net Asset Value per Share.

Figure 11: Historical Net Asset Value per share



Dividends

The Company paid or declared a total of 7.0 pence for the period ending 31 March 2021.

Valuation methodology

The Investment Manager is responsible for providing a fair market valuation of the Company's underlying assets. Its valuation results are presented to the Company's Board of Directors ("Directors") for review and approval prior to reporting. Valuations are calculated quarterly and reviewed by an independent third party, prior to publication of the half year and year-end reports.

The Investment Manager currently values all assets within its portfolio using a Discounted Cash Flow ("DCF") methodology. This methodology adheres to IFRS 13 as well as the International Valuation Standards Council ("IVSC guidelines").

Asset Life

During the period, the Investment Manager maintained the same assumption as the last fiscal year regarding the 30 years life of the assets and also conservatively assumed no residual value.

Movements in Valuation Discount Rates

The Investment Manager primarily applied a discount rate between 7.5 per cent and 10.0 per cent to each asset in the Company's portfolio, given that large portions of the revenue were procured in response to near real-time demands of the energy system. The 6.0 per cent discount rate is only applied during periods in which an asset has long term contracted revenue, reflecting the lower risk associated with said contract. The weighted average discount rate is 8.65%.

Table 8: Discount Rate Matrix

Discount rate Matrix	Pre-Construction Phase	Construction Phase *	Operational Phase**
Contracted income[27]	10.0%	6.5%-9.5%	6.0%-7.0%
Uncontracted income[28]	10.0%	7.5%-9.5%	7.5%-8.0%

Revenue

The Investment Manager estimates uncontracted revenue based on the unit price forecasts of independent third-party research house(s) and makes assumptions on the combination of revenue stacks for each asset based on its own experience and the advice of independent third-party consultants.

Operating Expenses

Where not already contracted and priced, construction expenditure (i.e. equipment maintenance and lease costs) is based on most recent contracted expenditure and price quotes, with inflation adjustments. Energy costs are estimated based on each system's efficiency (as determined under EPC technical specifications), published transmission and distribution network tariffs, and third-party electricity price forecasts.

[27] Construction discount rates vary based on programme status and lead time.

[28] Uncontracted revenue rates vary in accordance with market maturity. Contracted revenue rates vary by counterparty.

Gearing

As at 31 March 2021, the Company acts as guarantor under a £15 million facility agreement held by the Company's holding company, GSES 1 Limited. The facility shall be used to fund the acquisition and/or development of assets. There has been no drawdown as at the date of publication.

Key Sensitivities

Table 9: NAV Sensitivity Chart

Region	NAV in Base Case (With DCF)	NAV Sensitivity Chart					
		Revenue +10%	Revenue -10%	FX +3% (€ stronger)	FX -3% (€ weaker)	Discount Rate +1%	Discount Rate -1%
Northern Ireland	£23.9m	£28.1m	£19.9m	£25.3m	£22.7m	£21.6m	£26.8m
Republic of Ireland	£6.1m	£6.7m	£4.6m	£6.2m	£5.8m	£3.0m	£9.6m
Great Britain	£47.9m	£57.5m	£38.1m	-	-	£43.6m	£52.8m

3.4 Principal Risks and Uncertainties

The Board routinely incorporates a review of the Company's risk assessment matrix into its quarterly meetings and has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, as identified below.

Operational Risks

The Company has no employees and is reliant on the performance of the Investment Manager and its other advisors to achieve its investment goals.

Mitigant: The AIFM Agreement contains a key-man provision allowing the Company to terminate the agreement if the chief executive at the Investment Manager is unable to carry out his duties and obligations to the Company in accordance with the terms of his appointment. The investment, regulatory, asset management and transactional components of the Investment Manager's responsibilities are supervised by a team of management professionals to mitigate the key-man risks. The Investment Manager's team in turn self-regulates with the support and counsel of qualified market experts. With respect to asset valuation, the Investment Manager routinely engages reputable third-party valuers to confirm and review its NAV calculations on a bi-annual basis. The Investment Manager also engages a third-party such as NEC, Fluence, BYD and Tesla to conduct an annual audit of its risk and compliance policies and procedures and to mitigate against any cultural drivers that could harm investors or the portfolio.

Market Risks

Changes to the design of the energy market, or to the specifications for revenue services, network charges, access to networks or to other market rules or legislation, could impact revenue projections for portfolio assets.

Mitigant: The diversification of assets across the United Kingdom and Ireland mitigates the impact of changes in any single market product. In addition, the Investment Manager aims to stack revenue contracts, resulting in a diversification of income streams available to each asset, in order to minimise the portfolio's reliance on any single contract mechanism or market service and protect against regulatory shifts within any specific market service.

Technology Manufacturer Risks

Gore Street's portfolio currently consists only of lithium-ion batteries provided by four different battery manufacturers: NEC, Fluence, BYD and Tesla. Each site contains multiple battery stacks connected in parallel, with each stack containing modules of battery cells that are partially independent and can be replaced and repaired separately, thereby partially limiting the impact of failure of any module of cells. The performance of each asset is nonetheless dependent on scheduled maintenance and timely repair by these service providers.

Mitigant: The Company remains technologically agnostic and continues to evaluate other economically viable energy storage opportunities. The Company is not under an exclusivity agreement with any individual manufacturer and will tender projects scheduled to commence construction in 2022 and 2023 to multiple engineering, procurement and construction (EPC) bids in order to continuously diversify its portfolio of manufacturers and maintenance providers. The Company utilises a full wrap, so that the EPC is responsible for all equipment used in the BESS (Battery Energy Storage System) and the EPC has subcontractors.

Valuation Risks

The Company's investments will predominantly be in unquoted assets whose fair value involves the exercise of judgement.

Mitigant: The Investment Manager routinely utilises market experts to opine on the reasonableness of key data utilised in the asset valuation process (such as energy price forecasts). In addition, portfolio assets are valued by independent third-parties on a bi-annual basis, providing further objectivity to the portfolio valuation process including the review of discount rates.

COVID- 19 Disruption Risks

Lock-down restrictions and potential illness associated with the Covid-19 pandemic could have the ability to delay the operations and construction activities of the Company.

Mitigant: The Company remains in strict compliance with Government guidelines to maximise the use of remote working and has adopted software and collaboration programs to ensure the continued efficiency of the Investment Management team. The Company's contractors have implemented responsible policies and HSE guidelines to ensure proper management of COVID risks during construction. The Company works closely with its contractors and their suppliers to mitigate the impact of potential supply chain delays and ensure timely development of portfolio projects.

Brexit Risks

Britain's exit from the European Union and the resulting decoupling of European and British electricity and Capacity markets could result in electricity price volatility and further legislative changes.

Mitigant: The Company will continue to monitor British market regulations closely. It will also maintain its stacked revenue strategies, which maximise participation in diverse ancillary services and minimise exposure to the more volatile power trading market. In addition, the Company aims to further diversify its portfolio into North America in order to further diversify revenue streams.

Construction Risks

The Company relies on EPC contractors for battery construction and it relies on the relevant transmission systems operator (TSO) for timely energisation and connection of that battery storage asset to the national grid. There is a risk that either construction party could delay the target commercialisation date.

Mitigant: The Company works closely with EPC contractors to ensure timely performance of services and imposes liquidated damage payments under the EPC contracts for EPC delays in delivery. The Company seeks commitments from TSOs to a target energisation date as a condition to project acquisition and provides maximum visibility on project development to TSOs in order to encourage collaboration towards that target energisation date.

Currency Risks

Company financials (including any dividend payouts) are denominated in British Pounds. However, the Company has assets in Northern Ireland and Ireland with expenditures and revenues either denominated in or pegged to Euros.

Mitigant: The Company is negotiating a hedging facility with Santander bank to ensure appropriate management of its Euro exposure.

Cyber-Security Risks

The Company is exposed (either directly or through its primary service providers) to server, software, and communications risks in managing its portfolio operations.

Mitigant: The Company manages server risks through implementation of systems' firewalls and has installed redundancies in its systems to manage communications risks. The Company has implemented a requirement for annual certification from service provides of system security as part of the Company's onboarding process.

Emerging Risks

To ensure that the Company maintains a holistic view of risk management, Gore Street and the Board will continue to monitor the following emerging risks and assess their potential to adversely impact operations: (i) insurance market requirements, (ii) environmental frameworks governing energy storage, (iii) potential changes to the UK tax structure; and (iv) changes to future investor accreditation resulting from Brexit.

4 GOVERNANCE

4.1 Directors' Report

The Directors present their report together with the audited financial statements for the period from 1 April 2020 to 31 March 2021. The Corporate Governance Statement on pages **55 to 70** forms part of this report. The Directors' Report together with the Strategic report comprise the "management report" for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Principal activity and status

The Company was incorporated in England and Wales on 19 January 2018 with company number 11160422 and registered as an investment company limited by shares under Section 833 of the Companies Act 2006. On 25 May 2018, the Company's ordinary shares were admitted as a Premium Listing and commenced dealings on the Main Market of the London Stock Exchange ("LSE"). The Company has, subsequent to its launch, entered the Investment Trust Company ("ITC") regime for the purposes of UK taxation. The Company is a Member of the Association of Investment Companies ("AIC").

Business review

During the period the Company, through GSES 1 Limited, has successfully acquired four new facilities, of which all facilities are majority owned by the Company. The registered address of GSES 1 Limited is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF. The Chairman's statement and Investment Managers report expands on the business activity and acquisitions in the period.

Results and dividends

The financial statements of the Company for the period appear on pages **96 to 101**. Total Comprehensive income for the year 31 March 2021 was £14,594,694 (31 March 2020 £4,789,273). The Directors recommend a fourth interim dividend of 1 pence per share be paid, bringing the total dividend in respect of the period ended 31 March 2021 to 7 pence per share (7 pence per share 31 March 2020).

Dividend policy

Subject to market conditions and performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a quarterly basis. The targeted annual dividend for 31 March 2021 of 7.0 pence per Ordinary share will have been met, the annual target thereafter is an annual dividend of 7.0 per cent of NAV per Ordinary Share in each financial year, subject to a minimum target of 7.0 pence per Ordinary Share.

Share capital

As at 31 March 2021, 276,224,622 ordinary shares were in issue (52,548,815 31 March 2020) and no other classes of shares were in issue at the respective 2020 and 2021 year end .

Risk management and internal control

The Board is responsible for financial reporting and controls, including the approval of the Annual Report and Accounts, the dividend policy, any significant changes in accounting policies or practices, going concern and treasury policies including the use of derivative financial instruments. The board takes comfort that it has outsourced and received assurance from those service providers regarding their internal controls and risk management processes. During the period the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company and how they are being mitigated, as described on pages **39 to 41.**

The Board meets at least every quarter to review the Company's performance against its strategic aims, objectives, business plans and budgets and ensures that any corrective action considered necessary is taken. Additional meetings are held as required to deal with the business of the Company in a timely manner. Directors are expected to attend all meetings of the Board and all meetings of those committees on which they sit, as well as the Annual General Meeting ("AGM"). Meetings called outside the scheduled quarterly Board meetings may need to be convened at relatively short notice and therefore at times when not every director is available. Every meeting during the period was convened with an appropriate quorum and with the Directors independent of the Investment Manager.

Insurance

The Company maintains £10million of Directors' and Officers' Liability Insurance cover for the benefit of the Directors, which was in place throughout the period and which continues in effect at the date of this report.

Directors

All Directors are Non-Executive Directors. All the Directors will seek re-election at the AGM in accordance with the recommendation of the AIC Code. Full details of the processes by which Directors can be appointed or replaced are set out in the Articles of Association.

Significant shareholdings

As at 31 March 2021 the following shareholders have a disclosable interest of 3 per cent or more in the ordinary shares of the Company:

Shareholder	Number of ordinary shares	Per centage of issued share capital
Rathbones	12,385,200	8.61%
National Treasury Management Agency	11,730,910	8.17%
Hargreaves Lansdown Nominees Limited	11,180,567	7.77%
Interactive Investor Services Nominees Limited	9,346,205	6.50%
Charles Stanley	8,362,440	5.81%
1st Avenue Capital LLC	7,096,775	4.93%
Senecca Investment Managers	6,491,000	4.51%
Nippon Koei Energy	6,000,000	4.17%
AJ Bell	4,644,724	3.23%
EFG Harris Allday	4,611,324	3.21%
Hawksmoor Investment Management	4,330,000	3.01%

Political contributions

The Company made no political contributions during the period.

Greenhouse gas emissions reporting

The Board has considered the requirement to disclose the Company's measured carbon emissions sources under the Companies Act 2006 (Strategic report and Director's report) Regulations 2013. The Company is a closed-ended investment company which has no employees and so its own direct environmental impact is minimal.

Employees

The Company has no employees and therefore no employee share scheme or policies for the employment of disabled persons or employee engagement.

Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except as a result of:

- The FCA's Listing Rules, require certain individuals to have approval to deal in the Company's shares: and,
- The Company's Articles of Association, allow the Board to decline to register a transfer of shares, or otherwise impose restriction on shares, to prevent the Company, the Investment Manager from breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transferring securities in the Company.

Securities carrying special rights

No person holds securities in the Company carrying special rights with regards to control of the Company.

Change of control

The Company is not aware of any person who, directly or indirectly, owns or controls the Company. The Company is not aware of any arrangements the operations of which may give rise to a change in control of the Company.

Director's share dealings

The Directors have adopted a code of Director's dealing in ordinary shares, which is in accordance with the Market Abuse Regulation. The Board is responsible for taking all proper and reasonable steps to ensure any dealings by Director's, or persons closely associated with them, are in compliance with the Market Abuse Regulation.

Articles of Association

These are available on the Company's website at https://www.gsenergystoragefund.com/ or by application to the Company Secretary. Any amendment to the Company's Articles of Association may only be made by passing special resolution of the Shareholders of the Company.

Branches outside the UK

The Company does not have any branches outside the UK.

Powers of the Directors

The Board are responsible for managing the business affairs of the Company in accordance with the Articles, the Companies Act and the investment policy and have overall responsibility for the Company's activities including its strategy, investment activities and reviewing the performance of the portfolio.

Powers in relation to the Company issuing its shares

Subject to company law and the Articles of Association, the Directors are authorised to issue shares of such number of tranches and on such terms as they determine, provided that such terms are consistent with the provision of the Articles.

Statutory information contained elsewhere in the annual report

Information required to be part of this Directors' report can be found elsewhere in the annual report and is incorporated into this report by reference, as indicated below:

- Future developments, pages **23 and 41**
- Engagement with suppliers, customers and others with business relationships with the Company, pages **50 to 52**
- Corporate Governance statement, pages **55 to 70**
- Manager and service providers, pages **61 to 62**
- Directors' names and biographies, pages **64 to 66**
- Directors' interest in shares, page **80**
- Financial instruments, note **5, page 108**
- Share capital reserves, note **20, pages 129 to 131**
- Transactions with related parties, **note 22, pages 133 to 134**
- Post balance sheet events, **note 24, page 135**

Other disclosures

Disclosures of financial risk management objectives and policies and exposure to financial risks are included in **note 18** to the financial statements.

Disclosures in relation to the Company's business model and strategy have been included within the Investment Manager's report on pages **23 to 41.** Disclosures in relation to the main industry trends and factors that are likely to affect the future performance and position of the business have also been included within the Investment Manager's report.

Disclosure of information to Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Independent Auditors

Ernst & Young LLP were appointed as auditors by the Directors during the period and have expressed their willingness to continue as auditor for the financial year ending 31 March 2022. A resolution to re-appoint Ernst & Young LLP as auditors to the Company will be proposed at the AGM.

4.2 Going Concern and Viability

The Company's business activities, together with the factors likely to affect its future development performance and position, are set out in the Investment Manager's Report. The Company faces a number of principal risks and uncertainties, as set out above, including with respect to the economic impact of COVID-19 and financial risks such as counterparty risk, credit risk, concentration risk as discussed in note 18 to the financial statements.

Going Concern

Since the year end, there have been reduced restrictions on travel and lockdown, but the full human and economic impact of the COVID-19 pandemic still remains difficult to assess.

The Company's ability to generate revenue from its operational assets continues and remains largely unaffected by the pandemic. A potential key risk facing the Company is that Covid-19 may affect the ability of operators to adequately ensure operational integrity of the projects, particularly in terms of operations and maintenance. The Company and the Investment Manager have worked closely and liaised with the operators to ensure that commercial activities remain operational and, in their view, power generation will remain essential to the UK's infrastructure and the Investment Manager believes that the risk has reduced as the pandemic has progressed.

The completed going-concern analysis assumes continued annual expenditure at the rate of current expenditure and continued discretionary dividend payments to Shareholders at the target annual rate of 7 pence per ordinary share. With expenditure and discretionary dividends assumed unchanged, the Company will continue to be operational and will have excess cash after payment of its liabilities over the period to 31 July 2022, being at least 12 months from the date of approval of the financial statements.

The Directors have reviewed Company forecasts and projections which cover a period of five years from 31 March 2021, and as part of the going concern assessment have modelled downside scenarios taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources.

The Directors consider the following scenarios:

- The Company and the portfolio assets over the period to 31 July 2022, being at least 12 months from the date of approval of the financial statements . We have assumed the Company's rate of expenditure over the period will remain unchanged, that there are no contractual capital commitments at fund level, that there is a single intercompany loan from the Company to a subsidiary to finance the acquisition of a pre-operational asset, and that there are no loan repayments received from operational companies over the time frame.
- A reverse stress test to determine the term over which the Company can remain viable given its current resources before the necessity for liquidation or protection from creditors. As the Fund has no financial responsibility for its operating companies, the only subsidiary expense included in the reverse stress test is an imminent intercompany loan to a subsidiary to finance the acquisition of a new asset.

The Directors acknowledge their responsibilities in relation to the financial statements for the year ended 31 March 2021 and the preparation of the financial statement on a going concern basis remains appropriate and the Company expects to meet its obligations as and when they fall due for at least 12 months until 31 July 2022.

Long Term Viability

The Directors have assessed the prospects of the Company over a period of five years.

As at 31 March 2021, the Company had net current assets of £145.13million and had cash balances of £60.15 million (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Company had no outstanding debt as at 31 March 2021.

In addition to the Investment Manager's assessment detailed above, the directors further considered:

- An economic turmoil test to assess the impact of a continued market slowdown during a five year term with no additional equity raised and annual expenditures remaining the same over the defined period.

After assessing the risks and reviewing the Company's liquidity position, together with the forecasts of performance under various scenarios, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over the indicated period.

4.3 SECTION 172 STATEMENT

The Role of the Board

The Board has overall responsibility for setting our purpose, strategy and objectives, approving our investment activities – including acquisitions and capital improvement programmes – and reviewing our performance. The Board delegates day-to-day responsibility for managing the portfolio to the Investment Manager.

The Directors have had regard for the matters set out in section 172(1)(a) and (c) to (f) of the Companies Act 2006 when performing their duty under section 172. Subsection (b) is not applicable to the Company as it has no employees. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business, especially with regard to major decisions.

In doing the above, the Directors have taken into account the following:

(a) the likely consequences of any decision in the long-term.

(c) the need to foster the Company's business relationships with suppliers, customers and others.

(d) the impact of the Company's operations on the community and the environment.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the Company.

The Company continuously interacts with a variety of stakeholders important to its success and strives to strike the right balance between engagement and communication. The Company has identified the following key stakeholders:

- The Company's investors
- The Company's Investment Manager
- The Company's business partners and key service providers

Understanding our stakeholders' views has influenced our investment strategy, including our focus on asset diversification and introduction of a consolidated ESG policy.

Engagement with shareholders

The Company would require further funding to continue with the investment strategy and obtain additional pipeline investments. Existing Shareholders and prospective investors are therefore key to implementing our strategy. We strive through our engagement activities to obtain shareholder and prospective investor buy in into our strategic objectives and have developed relationships with several cornerstone shareholders. We have engaged with Shareholders and prospective investors through the following:

- Interim and Annual Accounts.
- Company's corporate broker and Investment Manager are in regular communication with shareholders and shareholder views are reported to the board.
- One to one meetings with the Investment Manager.
- Regular news and quarterly NAV updates.

The Company will continue to engage with shareholders in future either directly or via the company's corporate broker and Investment Manager as further expansion becomes necessary. These engagement activities have ensured that the Company's investment pipeline and fund raising programme have been aligned.

Engagement with the Investment Manager

The Investment Manager is responsible for the implementation of the investment strategy, including acquisition identification, and for the Company to meet dividend expectations and its investment policy. The Board engage constructively with the Investment Manager in order to ensure that the expectations of the Shareholders are being met and that the Board are aware of challenges being faced. The Board and the Investment Manager maintain an ongoing open dialogue on key issues facing the Company, this open dialogue takes the form of ad hoc board meetings and more informal contact, as appropriate. It ensures that the Company and Investment Manager have aligned interests to ensure the future success of the Company.

Engagement with business partners and key service providers

The Company has various key service providers who provide management and administration services. The intention is to maintain long-term and high-quality business partnerships to ensure stability while the Company pursues its growth strategy. Through its Management Engagement Committee, the Company reviews all key service providers to the Company and the terms of their engagement on an annual basis, and seeks two-way engagement between the Board and key service providers on service delivery expectations, and feedback on important issues experienced by the service provider during the period. The Board has regular contact with the three main service providers: the Investment Manager, Administrator and Company Secretary through quarterly board meetings with the Chair and Audit Chair meeting more regularly.

Engagement with key contractors

The Company and its investments are reliant on the Investment Manager selecting reputable suppliers and experienced O&M service providers. The failure of any of the Group's suppliers (including EPC contractors and O&M service providers) may result in closure, seizure, enforced dismantling or other legal action in respect of the Group's projects.

NEC ES has recently announced that it intends to wind down operations by 2030. Since its announcement, NEC continues to meet its outstanding obligations to the Company. Nonetheless, there is the risk that NEC's internal restructuring efforts may adversely affect its ability to meet its outstanding oobligations to the Company, and in particular, its ability to complete construction of Mullavilly and Drumkee in Northern Ireland.

Engagement with communities

As we start to develop assets closer to communities, we will look to ensure that our environmental and social footprint takes account of the local communities and is sympathetic to the locality, taking account of local views which will be obtained via the planning process. The development of a comprehensive ESG strategy is under active consideration with a view to imminent adoption and implementation.

Regulators / Government

The Board regularly considers how it meets regulatory and statutory obligations and follows voluntary and best practice guidance, including how any governance decisions it makes impact its stakeholders both in the short and long term.

Key Board Decisions

The Board's principal decisions each year typically include approving acquisitions, capital expenditure and capital raises (equity and debt), payment and level of dividends to meet expectations.

Where potential conflicts of interest arise, these would be discussed at the Board and resolved in line with the formal Conflicts of Interest policy. No conflicts of interest occurred that prevented the Directors from carrying out their duties during the year.

The nature of the Company's business means that the Directors must consider the long-term impact of its decisions, given that the Company assumes its operational assets will perform for 30 years.

The Company relies on a reputation for high standards of business conduct, and this is reflected in one of our core values, which is to always act openly and transparently with all of our stakeholders. In relation to these key decisions stakeholders such as key contractors were involved to ensure asset pipeline was available to the Company on the timescales required. Shareholder discussions were held to ensure clear communication was made in relation to progress and market interest for expansion of the Company. To ensure dividend expectations were deliverable the Company worked with the Investment Manager.

4.4 Statement of Directors' Responsibilities in respect of the preparation of the Annual Financial Report

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Company financial statements, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Report of the Directors, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Website Publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website (https://www.gsenergystoragefund.com) is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities pursuant to DTR4

The Directors confirm that to the best of their knowledge:

- the Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to the Auditor

The Directors who were members of the Board at the time of approving the Directors' report have confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the Board of Directors

Patrick Cox

Chairman

Date: 14 July 2021

4.5 Corporate Governance Report

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages **42 to 47**. The Board operates under a framework for corporate governance which is appropriate for an Investment Company.

Gore Street Energy Storage Fund plc is an investment trust and has been compliant with section 1158 of The Corporation Tax Act, 2010. The ordinary shares were admitted to trading on the Premium Segment of the Official List of the London Stock Exchange on 25 May 2018.

The Board of Gore Street Energy Storage Fund plc has considered the principals and provisions of the Association of Investment Companies Code of Corporate Governance (**AIC Code).** The AIC Code addresses the Principals and Provisions set out in the UK Corporate Governance Code (the **UK Code**), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principals and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The Company has complied with the Principals and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk/aic-code-of-corporate-governance) It includes an explanation of how the AIC Code adopts the Principals and Provisions set out in the UK Code to make them relevant for investment companies. The Company is a member of the AIC.

Compliance with the 2019 Association of Investment Companies (AIC) CODE

The below table sets out the Company's compliance with the 2019 AIC Code:

Section 5: Board Leadership and Purpose

Principle/Provision	Details of how the Company complies
A. A successful Company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	Strategic report, pages **18 to 22** Chairman's Statement, page **14 to 17** Corporate Governance Report, pages **55 to 70**
B. The Board should establish the Company's purpose, values, and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture.	Strategic report, pages**18 to 22** Chairman's Statement, page**14 to 17** Corporate Governance Report, pages **55 to 70**
C. The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Environmental, social and governance report, page **30 to 32** Principal risks and uncertainties, pages **39 to 41** Audit Committee report, pages **71 to 77**
D. In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	Stakeholders, pages 50 to 52 Section 172 statement, pages **50 to 52** Corporate Governance Report, pages **55 to 70**
E. [Intentionally left blank] [Per the AIC Code]	

Section 6: Division of Responsibilities

Principles	
F. The chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that Directors receive accurate, timely and clear information.	Chairman's Statement, page **14-17** Corporate Governance Report, pages **55 to 70**
G. The Board should consist of an appropriate combination of Directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the Board's decision making.	Corporate Governance Report, pages **55 to 70** Biographies, pages **64 to 66** Remuneration and Nomination Committee, pages **78 to 83**
H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	Corporate Governance Report, pages **55 to 70** Remuneration and Nomination Committee report, pages **78 to 83** Audit Committee report, pages **71 to 77** Management Engagement Committee report, pages **84 to 86**
I. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Corporate Governance Report, pages **55 to 70** Audit Committee report, pages **71 to 77**

Section 7: Composition, Succession and Evaluation

Principles	
J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Remuneration and Nomination Committee report, pages **78 to 83**
K. The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	Biographies, pages **64 to 66**
L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Remuneration and Nomination Committee report, pages **78 to 83**

Section 8: Audit, Risk and Internal Control

Principles	
M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit Committee report, pages **71 to 77** Notes 2 and 3 to the financial statements, pages **102 to 103**
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	Strategic report, pages **18 to 22** Audit Committee report, pages **71 to 77** Independent Auditor's report, pages **87 to 95** Financial statements, pages **96 to 101**
O. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	Principal risks and uncertainties, pages **39 to 41** Viability statement, page **48 to 49** Audit Committee report, pages **71 to 77** Management Engagement Committee report, pages **84 to 86**

Section 9: Remuneration

Principles	
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	Corporate Governance Report, pages **55 to 70** Remuneration and Nomination Committee report, pages **78 to 83**
Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	Remuneration and Nomination Committee report, pages **78 to 83**
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	Remuneration and Nomination Committee report, pages **78 to 83**

The Board

The Board consists of four non-executive directors all of whom are deemed to be independent of the Investment Manager. The Board represent a range of public service, investment, financial and business skills, and has a depth of experience across these categories. The Chairman of the Board is Patrick Cox. In considering the independence of the Chairman, the Board took note of the provisions of the UK Code relating to independence and has determined that Mr Cox is an independent Director. The Senior Independent Director is Mr Thomas Murley. The Company has no employees and consequently there is no requirement for a chief executive.

In accordance with the AIC Code, all the Directors will retire at the forthcoming AGM. Patrick Cox, Caroline Banszky, Thomas Murley and Malcolm King, being eligible, will offer themselves for re-election.

Biographical details of all Board members (including significant other commitments) are shown on pages **64 to 66.**

Full board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters reserved for its decision which includes, but is not limited to, considering recommendations of the Investment Manager, ensuring the Company is delivering on its strategy and monitoring performance against the Company's strategic objectives.

The Board has also established procedures whereby the Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chair, in advance of each board meeting.

In keeping with the provisions of the AIC Code, the Company's policy is that every three years an external consultant, who has no connection with the Company, carries out a formal review of the Board's performance. The first such review will take place in 2021. In the intervening years, an internal board evaluation will be carried out with the assistance of the Company Secretary. Details on the internal board evaluation carried out in 2020 can be found in the Remuneration and Nomination Committee Report.

Board Responsibilities

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its strategy, investment activities and reviewing the performance of the portfolio.

The Board has a clearly articulated set of matters which are specifically reserved to it and this is reviewed annually. These include:

- The strategic direction of the overall business, objectives, budgets and forecasts, levels of authority to approve expenditure, and any material changes to them.
- The commencement, material expansion, diversification, or cessation of any of the Company's activities.
- The Company's regulatory, financial, and material operational policies.
- Changes relating to the Company's capital, corporate, management or control structures.
- Material capital or operating expenditures, outside predetermined tolerances or beyond the delegated authorities.
- Any material contract or joint venture and material arrangements with customers or suppliers.

The Board may delegate certain functions to other parties such as the Board committees, the Investment Manager, the Administrator, the Company Secretary and the Registrar. In particular, the Board has delegated responsibility for day to day management of the investments comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

Culture & Purpose

As a young company, our purpose and values are clear and fresh, and we believe that the culture required to support these is straightforward and apparent – respectful, pragmatic and to provide constructive challenge. The Board keeps under review the culture and how this aligns with the Company's purpose and strategy.

Our culture is driven by our purpose and core values.

Our purpose is to deliver seven per cent income yield per annum and long-term capital growth to its investors from its portfolio of utility-scale energy storage assets located in the UK and the rest of the OECD.

This forms the foundation of our strategic framework.

Our core values are:

- To focus on the long term sustainability of our business.
- To act openly and transparently with all our stakeholders.
- To combine entrepreneurial nimbleness with the strength of a listed company.

Board Committees

The Board has delegated a number of areas of responsibility to its three committees, the Audit Committee, the Management Engagement Committee and the Remuneration and Nomination Committee. Each committee has defined terms of reference and duties.

All the independent Directors serve on the Committees of the Board, so the links and overlaps between the responsibilities of the committees, are fully recognised and each committee has full knowledge of the business and deliberations of the other committees.

In addition, the Investment Manager, as AIFM, has a Risk Committee, comprised of members of its own staff for the purposes of monitoring the risk management framework of the Company.

Alternative Investment Fund Manager Directive ("AIFMD")

The Company is an Alternative Investment Fund (AIF) for the purposes of the AIFMD and related regimes in EEA member states.

SERVICE AND SUPPORT

The Company has no employees and is externally managed by the Investment Manager as the mandatory Alternative Investment Fund Manager, supported by the Administrator.

The Management Engagement Committee formally reviews the performance of the Investment Manager, the Administrator and other service providers each year and makes recommendations to the Board as it considers appropriate. Further details of these reviews, and the relationships with the Investment Manager and Administrator are given in the Management Engagement Committee Report on pages **84 to 86.**

The Investment Manager

Gore Street Capital Limited ("GSC") act as the AIFM, to provide investment advice to the Company in respect of the assets of the Company and to provide the day-to-day management of those investments.

GSC receive a further £75,000 in addition to its fee outlined in the Advisory and Services Agreement. This is to cover the incremental cost of providing additional services as AIFM.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive from the Company an advisory fee payable quarterly in arrears calculated at the rate of one-fourth of one per cent of Adjusted Net Asset Value minus "Uncommitted Cash", where uncommitted Cash means cash that has not been allocated for repayment of a liability on the balance sheet of any member of the Group. Adjusted Net Asset Value means Net Asset Value, minus cash on the Company balance sheet.

The Investment Manager is also entitled to a performance fee calculated by reference to the movements in the Net Asset Value (before subtracting any accrued performance fee) which is linked to gross proceeds raised on the Company's IPO plus a 7% hurdle, and is set out in the Prospectus dated 30 November 2020.

During the year the Management Agreement was amended to:
- change the term of adjusted NAV to mean net asset value minus uncommitted cash. Uncommitted cash

means all cash on the Company's balance sheet other than committed cash. Committed cash means cash that has been allocated for repayment of a liability on the balance sheet of any member of the group.

- an additional fixed fee payable quarterly in advance with effect from 1 October 2020 to the Investment Manager of £50,000 per annum to support the administrative and accounting function, plus an additional per asset fee of £6,000 per annum in respect of each energy storage project held by the group beginning with (and including) the tenth energy storage project, calculated and payable quarterly in arrear with effect from 1 October 2020 and based on the number of energy storage assets held by the Group at each quarter end.
- a fixed fee of £10,382.97 per month payable monthly in arrear with effect from 1 October 2020 to Investment Manager for the provision of corporate services. Corporate services is defined in the side letter and is in relation to supporting the execution of investment transactions and managing third party advisors. a short-term fee for development and management of assets through to completion of construction, for a maximum term of one and one-half years.

In addition, the following changes to the management agreement were implemented with fees being payable to the Investment Manager by each respective subsidiary:

- During the period the Investment Manager and Company entered into a Commercial Management Agreement for the provision of the Construction Services and the Operational Services. The Investment Manager shall be entitled to receive a fixed fee of £110,750 per Development Project per annum (the "**Construction Services Fee**"), for a maximum term of 1.5 years in respect of each Development Project and in respect of the Operational Services to be provided by the Commercial Manager pursuant to this Agreement, the Commercial Manager shall be entitled to receive a fixed fee of £20,000 per Operational Asset per annum, save for the Ancala Assets in respect of which the fixed fee shall be £6,000 per annum.

The Depositary

Indos Financial Limited are the Depositary to the Company.

The Administrator

Sanne Group Administration Services (UK) Limited ("Sanne") is Administrator to the Company.

During the year ended 31 March 2021, as Administrator, Sanne on behalf of the Directors, is responsible for the maintenance of the books and records, the management and financial accounts, and the management of all cash movements of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company.

The Company Secretary

JTC (UK) Limited ("JTC") are Company Secretary to the Company. As Company Secretary, JTC is responsible for the production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations. In addition, JTC is responsible for liaising with the Company, the Investment Manager and the Registrar in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act.

MEETINGS AND ATTENDANCE

Member	Board	Audit Committee	Management Engagement Committee	Remuneration and Nomination Committee
Patrick Cox	4/4	2/2	1/1	1/1
Caroline Banszky	4/4	2/2	1/1	1/1
Malcolm King	4/4	2/2	1/1	1/1
Thomas Murley	4/4	2/2	1/1	1/1

The Board meets formally on a quarterly basis and our attendance is shown in the table above. We also had 10 ad hoc meetings which are generally called to approve special announcements, transactions or share issues that have taken place throughout the year. The table above gives the names of all of the Directors who served during the year and shows each individual Director's attendance at the scheduled board and committee meetings for which they were eligible to attend during the year.

JTC attend all our meetings as Secretary to the Board. In addition, we invite representatives of the Investment Manager, our Independent Auditor and other advisors to attend as required.

The Board Agenda

At our quarterly meetings, the Board follows a formal agenda. This agenda generally includes, amongst other things:

1. The Investment Manager's report for the period, including strategic performance and acquisitions, a review of the performance of the investments, operator performance and market conditions.
2. The AIFM report for the period, including discussion of risk.
3. Reviewing the risk register and considering internal controls.
4. The Depositary Report for the period.
5. Financial results against budget and cash flow forecasts, including dividends declared and forecast.
6. Reports and updates on shareholder and investor communications.
7. The Corporate Governance and Secretary's Report, with a review of policies and procedures, a compliance report, and an update on legislative/regulatory obligations as appropriate.
8. Recommendations and updates from the Board committees as appropriate.

Key Activities of the Board during 2020/2021

The primary focus at regular Board meetings has been on delivering the strategy and monitoring performance against our strategic objectives (see the Strategic Report on pages **18 to 22** for more details). This included:

- Considering capital structure.
- Raising additional equity.
- Discussing and approving portfolio acquisitions.
- Reviewing conflicts of interest register and significant shareholdings.
- Reviewing the Risk Register.
- Reviewing and Approval of quarterly NAV and dividend.
- Approval of the interim report.
- Monitoring performance of investments, risks and market conditions.
- Review of financial results against budget and cash flow forecasts including dividends declared and forecast.
- Monitoring the situation with regards to COVID-19.

BOARD OF DIRECTORS

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<td>Patrick Cox (Chairman)

Mr Cox has significant board experience and is currently, a member of the Appointment Advisory Committee for the European Investment Bank, Chairman of Supernode Ltd, a non-executive director of Appian Asset Management Ltd and a non-executive director Ecocem Ltd. He also sits on the Boards of various think tanks and not-for- profit organisations, including as a Senior Fellow and Board Member of the Institute for International and European Affairs, Ireland, a Board Member of the Third Age Foundation Ireland, and President of Alliance Française Dublin. He was formerly the Chairman of the Public Interest Committee for KPMG Ireland until December 2020 and President of the European Parliament from 2002 – 2004, having been a Member of the European Parliament for Munster, Ireland from 1989 to 2004 and is now the European Coordinator for the Scandinavian-Mediterranean TEN-T Core Network Corridor, appointed by the European Commission. He has been bestowed National Honours by Presidents of Austria, Bulgaria, Estonia, Italy, Latvia, Lithuania and Romania, and is a Commander of the Legion of Honour, France. He is a graduate of Trinity College, Dublin and holds Honorary Doctorates from Trinity College Dublin, the National University of Ireland, the University of Limerick, the Open University and the American College Dublin.

Mr Cox was appointed on 22nd February 2018 and has been a Director for 3 years and 1 month. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee.</td>
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Ms Caroline Banszky

Ms Banszky is currently a non-executive director of 3i Group plc, where she is the Chairman of the Audit and Compliance Committee and a member of the Remuneration Committee, and a non-executive director of IntegraFin Holdings plc where she is Chairman of the Audit and Risk Committee. She is a past Committee member of the Association of Investment Companies (AIC) Self-Managed Investment Trusts, a director and General Committee member of The Caledonian Club Trustees Ltd, a director of the AllChurches Trust Limited and a member of their investment committee, a director of the UK Stem Cell Foundation and a member of the Investment Committee of The Open University. Prior to this, for 15 years to August 2016, she was the CEO of The Law Debenture Corporation plc. Between 1997 and 2002, she was the COO of SVB Holdings plc (now Novae Group plc, a Lloyd's listed and integrated company). Additionally, from 1981 to 1997, Ms Banszky worked at N.M. Rothschild & Sons Ltd, where she held various senior management roles including Finance Director and CFO. Ms Banszky is a graduate of the University of Exeter and is a Chartered Accountant, having trained at Peat Marwick & Mitchell (now KPMG).

Ms Banszky was appointed on 22nd February 2018 and has been a Director for 3 years and 1 month. She is the Chairman of the Audit Committee sits on the Remuneration & Nomination Committee, and the Management Engagement Committee.

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Malcolm King

Mr King has had a varied career in financial services, including over 30 years in investment management. For 10 years Mr King was the investment manager at Finsbury Asset Management where he was responsible for the investments of seven investment trusts. Subsequently he moved to J O Hambro Capital Management where he was director and investment manager of two investment trusts and a number of other portfolios. From 2004 until his retirement in 2016, Mr King worked at Investec Asset Management where he was the co-manager of various multi-asset funds invested in internal and external funds, including closed-ended funds. A Chartered Accountant, having trained at Peat, Marwick & Mitchell (now KPMG), he is currently a non-executive director of Ecofin Global Utilities & Infrastructure Trust plc. He writes regularly for MoneyWeek as well as having a number of unpaid commitments. Mr King is an economics graduate of Trinity College, Cambridge.

Mr King was appointed on 22nd February 2018 and has been a Director for 3 years and 1 month. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee.

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Thomas Murley

Mr Murley has been involved in investing in renewable energy projects for over 25 years in both Europe and the United States. From 2004 to 2016 Mr Murley was a director at HgCapital, a London-based private equity firm, where he established its renewable energy investment fund business which raised and invested over US$1 billion in equity in over 70 EU wind, solar, biomass and hydroelectric projects. From 2016 to 2018 Mr Murley continued to act as Chairman and Senior Advisor to the HgCapital Renewable Energy team, which spun out of HgCapital in December 2017 and is now trading as Asper Investment Management, serving on investment and portfolio committees. In 2012 Mr Murley was appointed as a non-executive director to the inaugural board of the UK Green Investment Bank, where he also served on the investment committee. Mr Murley remained on the Board until the privatisation of the Green Investment Bank in August 2017. In October 2016 he was appointed as an independent non-executive director of Ameresco Inc., a renewable energy and energy efficiency company listed on the New York Stock Exchange. Mr Murley also serves as an independent investment committee member for two private renewable energy investment funds, one based in New York and the other in Amman, Jordan. From 1993-2003 Mr Murley was a lawyer and later Managing Director of EIF Group in Boston Massachusetts, one of the first energy infrastructure funds, where he was responsible for equity investments and renewable and conventional power projects. Mr Murley was appointed a Director of JCM Power Ltd in September 2019. Mr Murley has a degree in History from Northwestern University in Evanston, Illinois and a Law Degree, with honours, from Fordham University in New York.

Mr Murley was appointed on 22nd February 2018 and has been a Director for 3 years and 1 month. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee.

INFORMATION ON THE INVESTMENT MANAGER

The Company is managed by Gore Street Capital Limited which is authorised and regulated by the UK's Financial Conduct Authority ("FCA") as a full scope Alternative Investment Fund Manager (the "Investment Manager"). The Investment Management team has over 75 years of private equity and renewables experience and its offices are located in the UK.

The Investment Manager is responsible for deal origination, execution and asset management of the portfolio in accordance with the Company's investment objectives and policy. The Board has delegated authority to the AIFM to acquire or dispose of assets without seeking further approval from the Board provided that the Board is given the opportunity to consider each acquisition or disposal before it is concluded.

Once a potential project which falls within the Company's investment policy has been identified, and the Investment Manager wishes to proceed with the acquisition of such project, its Investment Committee approval is required to confirm that financial, legal and technical diligence suggests that the proposed transaction is consistent with the Company's investment policy.

THE INVESTMENT COMMITTEE

	**Frank Wouters** is a non-executive member of the Board of Gore Street Capital. He is a Director of the EU-GCC Clean Energy Network which fosters clean energy partnerships between EU and GCC energy stakeholders. Previously he led the implementation of electricity projects worth more than $3 billion at Abu Dhabi's government-owned low-emissions project, Masdar and was the Deputy Director General of the International Renewable Energy Agency (IRENA).
	**Suminori Arima** is a Managing Director at Gore Street Capital. He previously led renewable energy transactions as Managing Director of Kleinwort Benson and has worked as MD of RHJ International SA in Tokyo (parent company of Kleinwort Benson), responsible for PE investment management for over $1B of AuM and JP Morgan and McKinsey & Company.
	**Alex O'Cinneide** is the founder and CEO of Gore Street Capital and Chairman of the Investment Committee. His prior works includes acting as Managing Director and Head of Europe for Paladin Capital, a Senior Advisor to Kleinwort Benson Bank, serving on the Investment Committee of IndoChina Capital and leading investments for Masdar, Abu Dhabi's USD15 Billion SWF. He is a trustee of the London Irish Centre, a UNICEF Advisor and chair of its Climate Change Committee, a visiting researcher to the Energy Policy Group at Cambridge University, a Fellow of the Royal Geographical Society, and the Vice Chair of the Board of the Biomimicry Institute.

APPROACH TO RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibility for maintaining the Company's system of internal control and risk management, in order to safeguard the Company's assets. The Board review the reports on the internal controls of the Company's key service advisers which identify the risk management systems in place for assessing, managing and monitoring risks applicable to such service advisers. This system is designed to identify, manage, and mitigate the financial, operational and compliance risks that are inherent to the Company, and to manage rather than eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

As part of each quarterly Board meeting during the period, the Directors reviewed the financial position of the Company and assessed any risks in relation to the Company's business model and the Company's future performance, liquidity and solvency. To facilitate this process the Investment Manager produced financial reports, which included the latest management accounts, a review and report on the Company's financial model, substantiation of any dividend payments and a general update on the financial health of the Company.

The Board considered whether the Company should employ an internal audit function during the period and concluded that, due to the Company's structure, the nature of its activities, and taking into account the controls already in place and, more particularly, the external service already provided by the Administrator and the Manager, an internal audit function was not necessary.

As part of the internal risk review, we identified that whilst the Administrator has its own internal audit performed on an annual basis, from which the Company reviews any findings and takes particular comfort, the Company should also independently assess whether these controls are sufficient and if they operate effectively.

Internal Control

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day to day operation of the Company (including the Financial Reporting Process to the following key service advisers):

Investment Manager: Gore Street Capital Limited
Administrator: Sanne Group (UK) Limited
Company Secretary: JTC (UK) Limited

The Board keeps under review the effectiveness of the systems of internal control and risk management, ensuring that the procedures to be followed by the advisers and themselves are in place to ensure that the controls remain relevant and were in operation throughout the year.

The Company's principal risks and uncertainties are detailed on pages **39 to 41** of this report. As further explained in the Audit Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the period. The Board continually reviews its policy setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager regarding risks that the Company faces.

As part of its regular risk assessment procedures, the Board takes account of the significance of environmental, social and governance matters to the business of the Company. The Board has identified and assessed the significant ESG risks to the Company's short and long-term value, as well as the opportunities to enhance value that may arise from an appropriate response. Further information on the Company's approach to ESG can be found on pages **30 to 32**.

When required, experts are employed to gather information, including tax and legal advisors. The Board also regularly monitors the investment environment and the management of the Company's portfolio, and applies the principles detailed in the internal control guidance issued by the FRC. The principal features of the internal control systems which the Investment Manager and the Administrator have in place in respect of the Company's financial reporting include:

- Internal reviews of all financial reports.
- Review by the Board of financial information prior to its publication.
- Authorisation limits over expenditure incurred by the Company.
- Review of valuations.
- Authorisation of investments.

Whistleblowing Policy

The Board has considered the UK Code recommendations in respect of arrangements by which staff of the Investment Manager, Company Secretary or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow up action to be taken within their organisation.

RELATIONS WITH SHAREHOLDERS

The Company places great importance on communication with its Shareholders and welcomes the views of Shareholders. The Investment Manager is available at all reasonable times to meet with principal Shareholders and key sector analysts. The Chairman, the Senior Independent Director and other Directors are also available to meet with Shareholders if requested or required. All Shareholders have the opportunity to put questions to the Company at the registered address.

The Company's AGM is scheduled to be held on 6 September 2021 and notice of the meeting is published accompanying the Annual Report and Accounts. Given the unprecedented circumstances, the Board will be moving forward with the AGM but may have to put in place contingency arrangements that mean the AGM will not follow its usual format. In such circumstances the Company will notify shareholders of any changes to the proposed format for the AGM as soon as possible via RIS and its website (www.gsenergystoragefund.com)

The Board will continue to monitor the Government's advice and urges all Shareholders to comply with any restrictions in place at the time of the AGM.

The Board receives comprehensive Shareholder reports from the Company's Registrar and regularly monitors the views of Shareholders and the Shareholder profile of the Company. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager.

Shareholders may also find Company information or contact the Company through its website:

www.gsenergystoragefund.com

The terms of reference of the Committees and the conditions of appointment of non-executive directors are available to Shareholders on request.

Patrick Cox

Director

Date: 14 July 2021

4.6 Audit Committee's Report

The Audit Committee (the **Committee**) is chaired by Caroline Banszky and comprises all the Directors. The Committee operates within clearly defined terms of reference and includes all matters indicated by Rule 7.1 of the UK FCA's DTRs and the AIC Code. The terms of reference were reviewed during the year under review and were updated to enhance the Committee's scope to consider key risks facing the Company. The Board is satisfied that the Committee is properly constituted with at least one member of the Committee who is a chartered accountant with recent and relevant financial experience.

The Committee plays an important role in the governance of the Company, with its principal activities focused on the integrity of financial reporting, quality and effectiveness of external audit, risk management and the system of internal control.

The Committee meets a minimum of twice a year, and at such other times as the Committee shall require. The Administrator and representatives of the Investment Manager may be invited to attend meetings as and when deemed appropriate.

Meetings

We met two times during the financial year ended 31 March 2021. These meetings were attended by the committee members, as well as representatives of the Investment Manager, Gore Street Capital Limited, the Company Secretary, JTC (UK) Limited, the Independent Auditor, Ernst & Young LLP and the independent valuer BDO LLP.

The Audit Committee operates within clearly defined terms of reference which are reviewed on annual basis and approved by the Board. The terms of reference include all matters indicated by Disclosure Guidance and Transparency Rule 7.1 and the AIC Code.

Third parties may be invited to attend meetings as and when deemed appropriate.

Summary of the Role and Work of the Audit Committee

The function of the Committee is to ensure that the Company maintains the highest standards of integrity, financial reporting, internal and risk management systems and corporate governance. The main duties of the Audit Committee are:

1. Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them.
2. Reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas and going concern and the viability statements.
3. Reviewing the valuation of the Company's investments prepared by the Investment Manager and their underlying assumption, we review the work of the independent valuer BDO LLP bi-annually prior to making a recommendation to the Board on the valuation of the Company's investments.

4. Meeting regularly with the Auditor to review their proposed audit plan and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work.
5. Making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and approving their remuneration and the terms of their engagement.
6. Monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification and non-audit work.
7. Reviewing the effectiveness of the accounting and internal control systems of the Company and considering annually whether there is a need for the Company to have its own internal audit function.
8. Reviewing and considering the UK Code, the AIC Code, the FRC Guidance on Audit Committees and the Company's institutional investors' commitment to the UK Stewardship code; and
9. Reviewing the risks facing the Company and monitoring the risk matrix.

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

Overview

During the year, the Audit Committee has had regular contact and meetings with the Investment Manager, the Administrator and the Independent Auditor. These meetings and discussions focused on, but were not limited to:

1. A detailed analysis of the Company's half year and interim NAVs.
2. Reviewing the risk matrix of the Company.
3. Reviewing the Company's corporate governance framework.
4. Reviewing the internal controls framework for the Company, and those of the Administrator and the Investment Manager with respect to the Company.
5. Considering the ongoing assessment of the Company as a going concern.
6. Considering the principal risks which took into consideration the effects of the Covid-19 pandemic and period of assessment for the longer-term viability of the Company.
7. Reviewing the detailed stress tests for the viability of the Company to ensure that going concern basis is appropriate.
8. Monitoring compliance with AIFMD, the AIC code and other regulatory and governance frameworks.
9. Reviewing and approving the audit plan in relation to the audit of the Company's Annual Report and financial statements.

Financial Reporting

The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, the Administrator and the Auditor the appropriateness of the half-year report and Annual Report and financial statements, concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices.
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements.
- Amendments to legislation and corporate governance reporting requirements and accounting treatment of new transactions in the year.
- The impact of new and amended accounting standards on the Company's financial statements.
- Whether the Audit Committee believes that proper and appropriate processes and procedures have been followed in the preparation of the half year report and Annual Report and financial statements.
- Whether the Annual Report and financial statements, taken as a whole, are fair, balanced, and understandable and provides the information necessary for Shareholders to assess the Company's performance, going concern, viability, business model and strategy.
- Material areas in which significant judgements and estimates have been applied or there has been discussion with the Auditor; and
- Any correspondence from regulators in relation to the Company's financial reporting.

Ernst & Young LLP, the Independent Auditor, attended the formal Audit Committee meetings held during the period. Matters discussed included the Independent Auditor's assessment of interactions with the Investment Manager and the Administrator, confirmation that there has been no restriction in scope placed on them, the independence of their audit and how they have exercised professional skepticism.

Significant Issues

The Audit Committee discussed the planning, conduct and conclusions of the external audit as it proceeded. At the Audit Committee meeting in advance of the year end, the Audit Committee discussed and approved the Independent Auditor's audit plan. The Audit Committee considered:

- the more bespoke disclosure regarding the assessment of going concern and long term viability for the required statements by the Board which took into consideration the effects of Covid 19 pandemic and having completed the assessment do not consider it to be a key area of risk for the Company; and
- identified the carrying value of investments as a key area of risk of misstatement in the Company's financial statements.

Assessment of the Carrying Value of Investments

The Company's accounting policy is to designate investments at fair value. As a consequence, the Committee reviewed valuation policies processes and application. The most influential area of judgement within the Accounts relates to the valuation of these investments. The key estimates and assumptions include the useful life of the assets, revenue estimates, the discount factors utilised, the rate of inflation, and the price at which the power and associated benefits can be sold. In particular, the Audit Committee carefully considered the impact of the change in Capacity Market Income recognition and associated assumptions in relation to the valuation of the assets that have been included in the 31 March 2021 valuation. At the year end, the Company engaged BDO as independent valuation experts/advisors to help the committee form a view as to the reasonableness as to the valuations.

The uncertainty involved in determining the fair value investment valuations represents significant risk in the Company's financial statements. An inherent risk of management override is present as the Investment Manager's fee is calculated based on NAV (as disclosed in note 22 to the financial statements). The Investment Manager is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

On a quarterly basis, the Investment Manager provides a detailed analysis of the NAV. This analysis highlights any movements and assumption alterations to the NAV of the previous quarter. NAV movements and the principles behind changes in assumptions are considered and challenged by the Chairman of the Audit Committee and subsequently approved by the Board. The Audit Committee is satisfied that the key estimates and assumptions used within the valuation model are appropriate and that the investments have been fairly valued.

Internal Control

The Audit Committee has established a set of ongoing processes with a view to satisfying particular needs of the Company with respect to managing the risks to which it is exposed. The process is one whereby the Investment Manager has identified the key risks to which the Company is exposed and recorded them on a risk matrix together with the controls employed to mitigate these risks. The Audit Committee is responsible for reviewing the risk matrix and associated controls before recommending to the Board for consideration and approval. The Audit Committee is also responsible for challenging the Investment Manager's assumptions to ensure a robust internal risk management process. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss. Regular reports are provided to the Audit Committee highlighting material changes to risk ratings.

The Audit Committee discussed and reviewed the internal controls in place at the Investment Manager and the Administrator. Discussions were centered around assurances at operational level; internal oversight; and independent objective assurance.

The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial, regulatory and other risks, with particular regard to the protection of the interests of the Company's Shareholders.

Internal Audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures. In light of the growing portfolio of assets under management the requirement for an internal audit function is under active discussion and review with the Investment Manager.

External Auditor

Effectiveness of the Audit Process

The Audit Committee assessed the effectiveness of the audit process by considering Ernst & Young LLP's fulfilment of the agreed audit plan. This assessment included the review of reporting presented to the Audit Committee by Ernst & Young LLP and the discussions at the Audit Committee meeting, highlighting such issues that arose during the course of the audit. In addition, the Audit Committee also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For this financial period, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Non-Audit Services

The Audit Committee seeks to ensure that any non-audit services provided by the Independent Auditor do not conflict with their statutory and regulatory responsibilities, as well as their independence, before giving written approval prior to their engagement.

The Audit Committee has a policy regarding the provision of non-audit services by the external Auditor which precludes the Independent Auditor from providing any of the prohibited non-audit services as specified in the FRC Revised Ethical Standard 2019. The Audit Committee monitors the Company's expenditure on non-audit services provided by the Independent Auditor, who should be engaged for non-audit services in circumstances where they are deemed to be the most commercially viable supplier, and prior approval of the Audit Committee has been sought. During the year the only non-audit service provided by EY was the interim review. The Audit Committee was satisfied that the provision of these Non-Audit Services did not provide threats to the Independent Auditors' independence.

Independence

The Audit Committee is required to consider the independence of the external Auditor. In fulfilling this requirement, in addition to its own internal assessment, the Audit Committee has considered a report from Ernst & Young LLP describing its arrangements to identify, report and manage any conflict of interest and the extent of non-audit services provided by them. The Audit Committee has concluded that it considers Ernst & Young LLP to be independent of the Company.

Auditor's Tenure

The Auditor is required to rotate the audit partner every five years. The current partner is in her third year of tenure. There are no contractual obligations restricting the choice of external auditor and the Company will consider putting the audit services contract out to tender at least every ten years. In line with the FRC's recommendations on audit tendering, this will be considered further when the audit partner rotates every five years. Under the Companies Act, the reappointment of the external Auditor is subject to shareholder approval at the AGM.

Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as Auditor for the year ended 31 March 2022.

Annual General Meeting

The Chair of the Committee will be present at the Company's AGM to answer questions on the Audit Committee's activity and matters within the scope of the Audit Committee's responsibilities.

Fair, Balanced and Understandable Statements

The production and audit of the Company's Annual report and accounts is a comprehensive process, requiring input from a number of contributors. To reach a conclusion on whether the Company's annual report and accounts, taken as a whole, are fair, balanced and understandable, as required under the AIC Code, the Board requested that the Audit Committee advise on whether we considered that the Annual Report fulfilled these requirements.

In outlining our advice, we considered the detailed reviews undertaken at various stages of the production process by the Investment Manager, third party independent valuer, BDO LLP, Administrator and the Audit Committee, which are intended to ensure consistency and overall balance. We then discussed with the Investment Manager and Administrator the process of how this was put together and received a series of drafts of the Company's Annual report and accounts. These were scrutinised and discussed thoroughly at an Audit Committee meeting. Additional comfort was also sought from the Investment Manager and Administrator in relation to the conclusion reached by the Board.

As a result of the work performed, we have concluded and reported to the Board that the Annual Report and accounts for the period ended 31 March 2021, taken as a whole, are fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

EFFECTIVENESS OF THE COMMITTEE

A detailed and rigorous evaluation of the Committee was undertaken as part of the overall evaluation. The skills and experience of the members was found to appropriate, including recent and relevant financial experience. The Committee will be concentrating on personal development and training as the regulatory focus on audit and Audit Committees increases. The Committee was found to be functioning effectively.

Caroline J Banszky

Caroline Banszky

Chairman of the Audit Committee

Date: 14 July 2021

4.7 Remuneration & Nomination Committee Report

The Board has prepared this report in line with the AIC Code as well as the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006.

Under the requirements of Section 497 of the Companies Act 2006, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages **87 to 95**.

Annual Statement from the Chairman of the Remuneration & Nomination Committee

The Committee comprises of the full Gore Street Energy Storage Fund Plc Board with Pat Cox as Chair and consists solely of non-executive directors. The Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role and meets at least annually. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate.

We concluded that there is no need to change the remuneration policy this year, the policy being approved in 2019.

In accordance with the articles of association and the AIC Code, we considered the current levels of remuneration and whether they reflect the time commitment and responsibilities the Company calls for. During the year neither the Board nor the Committee has been provided with external advice of services by any person but has received industry comparison information from the Company Secretary in respect of Directors' remuneration. The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration and Nomination Committee within the framework of the remuneration policy. The Directors are not involved in deciding their own individual remuneration with each Director abstaining from voting on their own remuneration.

At the end of the preceding year the Committee undertook a benchmarking exercise of directors' remuneration across the Company's peer group and considered the current level of remuneration for each individual board member. It was agreed that directors' remuneration should increase in line with the increased capitalisation of the Company up to a maximum capitalisation of £100m to bring the directors remuneration in line with market rates and the remuneration set out in the Prospectus at IPO from which the directors' had taken a temporary reduction to reflect the reduced market capitalisation of the Company. The Committee decided in March 2021 that as directors had received increases during the year to match the reflected growth of the Company, any further additional increase was not appropriate at this time and that no additional uplift would be made until such time as further growth of substance had been achieved.

Remuneration Policy

Below is Gore Street's remuneration policy. This policy was adopted on 14 August 2019 and will next be put to a Shareholder vote at the 2022 AGM as part of the regulatory three yearly approval process.

Policy

The Company's policy is to determine the level of Directors' fees with due regard to the experience of the Board as a whole, the time commitment required, and to be fair and comparable to non-executive directors of similar companies. The Company may also periodically choose to benchmark Directors' fees with an independent review to ensure they remain fair and reasonable.

Directors' fees will be adjusted from time to time and will be subject to Shareholder approval in the subsequent AGM. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for, or to purchase, ordinary shares. The Directors are entitled only to their annual fee and their reasonable expenses. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation. Under the Company's Articles of Association, all Directors are entitled to remuneration determined from time to time by the Board and approved by the Shareholders.

DIRECTORS' REMUNERATION REPORT

Details of Directors' Remuneration (Audited)

The emoluments in respect of qualifying services of each person who served as a Director during the period are shown below. All the Directors are paid a basic annual fee of £40,000 quarterly in arrears for their services. In addition to this fee, Pat Cox is paid an additional £17,500 per annum for his role as Chair of the Board. Caroline Banszky is paid an additional £5,000 per annum for serving as Chair of the Audit committee. No Director has waived or agreed to waive any emoluments from the Company in the current year. No other remuneration was paid or payable by the Company during the current period, nor were any expenses claimed by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

The remuneration levels for the Directors were set at the time of IPO in May 2018 at a reduced level to reflect the £30million of equity raise. As the market capitalisation of the Company has grown during the year the Directors' remuneration was reviewed and increased to reflect the current market capitalisation (capped at £100million) to realign the Directors' remuneration in a stepped process to reflect the original intended level of remuneration pre IPO. Whilst this has resulted in stepped increases of substantial change the directors' do not propose to apply any further remuneration increases until such time as further Company growth of substance has been achieved.

Director	Year ended 31 March 2022	Year ended 31 March 2021 (£)	Year ended 31 March 2020 (£)	Percentage change 20-21
Pat Cox*	57,500	43,387	33,000	31.48%
Caroline Banszky**	45,000	31,051	21,000	47.86%
Malcolm King	40,000	26,734	18,000	48.52%
Tom Murley	40,000	26,734	18,000	48.52%
Total	**182,500**	**127,906**	**90,000**	**42.11%**

*This includes £17,500 per annum in respect of serving as Chair of the Board. **This includes £5,000 per annum in respect of serving as Chair of the Audit committee.
No director received any taxable benefits during the year ended 31 March 2021.

2021/2022 Remuneration

The remuneration levels for the forthcoming year 2021/2022 for the Directors are shown in the above table.

In accordance with FCA Listing Rules 9.8.6(R)(1), Directors' interest in the shares of the Company (in respect of which transactions are notifiable to the Company under FCA Disclosure and Transparency Rule 3.1.2(R)) as at 31 March 2021 were as follows:

(Audited)

Director	Number of ordinary shares	Per centage of Issued share Capital
Pat Cox	49,996	0.01%
Caroline Banszky	50,000	0.01%
Malcolm King	50,000	0.01%
Tom Murley	0	0.00%
Total	**149,996**	**0.05%**

All the Directors' share interests shown above were held beneficially.

Tom Murley as a US resident has limited options for owning shares. The platform through which he owned shares closed and he was forced to sell. He is looking for a new platform through which to purchase shares.

Relative Importance of Spend on Pay

The difference in actual spend between 31 March 2021 and 31 March 2020 on Directors' remuneration in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the table below:

	Payments made during the year ended 31 March 2021	Payments made during the year ended 31 March 2020
Directors' total remuneration	127,906	90,000
Dividends paid	10,090,637	3,552,638
Buy back of Ordinary Shares	-	-

Company-wide considerations

There are no executive directors, nor are there any employees of the Company, so there are no statements to make on any consultations, comparisons, or pay and employment conditions within the Company.

Statement of consideration of shareholder views

The levels of remuneration were set out in the Prospectus and did not receive any negative comment from the investment community before or after the IPO. The AGM will give the opportunity for opinions to be aired and demonstrated formally through the voting process and will provide the basis for future discussions and developments.

Payments to past directors or for loss of office

There are no payments to disclose. Under the terms of the Directors' Remuneration Policy there would be no compensation for loss of office.

Statement of voting at general meeting

The Directors Remuneration Policy was put to a binding vote at the AGM on 14 August 2019 and is due for renewal at the AGM in 2022. The Directors Remuneration Report was subject to an advisory vote at the AGM on 19 August 2020.

The voting outcome is set out in the table below:

	Resolution approve directors' remuneration report 2020	Resolution approve remuneration policy 2019
Votes for*	30,512,395	19,676,187
%	99.88%	97.77%
Votes against	36,300	447,015
%	0.12%	2.22%
Total votes validly cast	30,548,695	20,123,202

Total votes cast as a percentage of issued share capital	39.58%	65.76%
Votes withheld+	15,750	9,500

*includes discretionary vote.

+A vote withheld is not a vote in law and is not counted in the calculation of votes for or against a resolution.

Approval of the Remuneration Report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to Shareholders at the forthcoming AGM.

(2) Nomination

The Committee's responsibilities are reviewing annually the structure, size, and composition (including the skills, knowledge, and experience) required of the Board and making recommendations to the Board with regard to any necessary changes.

Considering the succession planning and replenishment of Directors as the Board and Company progresses, identifying and nominating candidates to fill Board vacancies as and when they arise and taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed on the Board for the future.

Reviewing annually the time required from the Directors and using performance evaluation to assess whether the Directors are spending enough time on their duties.

Diversity

The Board recognises the benefits that diversity brings. Our approach is to appoint the best possible candidate, considered on merit against objective criteria and in accordance with the Equality Act 2010, rather than to set quotas for a particular aspect that may deflect from achieving this fundamental target every time. At the date of this report, 25% of the Board was female.

In light of the ongoing development in governance best practice, the Committee decided that the Company should have a formal diversity policy, which the Board adopted on 19 September 2018. Diversity includes and makes good use of differences in knowledge, and understanding of relevant diverse geographies, peoples, and their backgrounds including race or ethnic origin, sexual orientation, gender, age, disability or religion. Appointments to the Board will be made on merit and objective criteria, in the context of complimenting and expanding the skills, knowledge and experience of the Board as a whole.

Board Evaluation

A formal and rigorous board evaluation was conducted internally this year. It was based on a questionnaire covering a range of board level topics, with accompanying reviews of each Committee, which addressed issues specific to that Committee, as well as self-assessments by the Directors. The results were reviewed and discussed by the Remuneration and Nomination Committee and then the Board.

It was concluded that the Board members work effectively together to achieve the Company's objectives and that each director has the time and continues to contribute effectively.

The following actions were highlighted, and actions initiated where appropriate:

- More focus to be spent on long term strategy with a board and investment manager session to be scheduled with this focus.
- Delivery of reports for board packs should be improved and delivered to the Company Secretary at least a week in advance.
- As part of good practice, the Board should contact the top shareholders, reminding them that they are available for discussion. Due to Covid constraints the Board have yet to undertake a site visit and this will be scheduled as soon as government guidelines allow.

Succession Planning

The Nomination Committee considered succession planning during the year and noted that currently all four Directors' tenure of nine years expires on the same date and that therefore there was a need to fresh the board over the next five years.

This Directors' Remuneration Report was approved by the Board on 14 July 2021 and is signed on its behalf by Patrick Cox (Director and Chair of the Remuneration and Nomination Committee)

Patrick Cox

Patrick Cox

Chairman of the Remuneration and Nomination Committee

Date: 14 July 2021

4.8 Management Engagement Committee Report

Introduction

The Management Engagement Committee is comprised of all the independent directors of the Company: Caroline Banszky, Malcolm King, Thomas Murley and me, Patrick Cox (Chair). The Committee's two principal functions are:

- To review annually the compliance by the Investment Manager with the Company's investment policy as established by the Board and with the Advisory and Services Agreement entered into between the Company and the Investment Manager from time to time (the "Management Agreement"); and
- To review annually the performance of any other key service providers to the Company.

The Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

The Committee will meet as and when required, but formally at least once a year.

JTC (UK) Limited attend our meetings as Secretary to the Committee. In addition, we will invite representatives of the Investment Manager to attend as required.

The Committee met once in the period under review and all members were present. During this meeting, Committees terms of reference were reviewed and no alterations were made.

Investment Manger Review

When reviewing the Investment Manager's performance, the Committee considers its compliance with the terms of the Management Agreement as well as its overall performance against the Company's objectives.

The Committee also reviews the relationship with the Investment Manager including (but not limited to):

- Making recommendations on the Investment Manager's remuneration;
- Approving the terms of engagement of the Investment Manager and the terms of the Management Agreement;
- Assessing annually the Investment Manager's independence and objectivity taking into account relevant regulatory requirements;
- Assessing annual the qualifications, expertise and resources of the Investment Manager; and
- Meeting regularly with the Investment Manager and at least twice a year, to discuss the Investment Manager's remits, the performance of the Company's investments and any issues arising from the management of the Company's investments.

The Committee also reviews the level and method of remuneration of the Investment Manager pursuant to the terms of the Management Agreement, including the methodology of calculation of the relevant annual fee. The review of these fee arrangements seeks to ensure that the methodology does not encourage excessive risk and that it rewards demonstrably superior performance by the Investment Manager in managing or advising on the portfolio against the stated investment objective when compared to a suitable benchmark or peer group.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive from the Company an advisory fee payable quarterly in arrears calculated at the rate of one-fourth of one per cent of Adjusted Net Asset Value minus "Uncommitted Cash", where uncommitted Cash means cash that has not been allocated for repayment of a liability on the balance sheet of any member of the Group. Adjusted Net Asset Value means Net Asset Value, minus cash on the Company balance sheet.

The Investment Manager is also entitled to a performance fee calculated by reference to the movements in the Net Asset Value (before subtracting any accrued performance fee) which is linked to gross proceeds raised on the Company's IPO plus a 7% hurdle, and is set out in the Prospectus dated 30 November 2020.

The Investment Manager is paid a further fixed fee of £75,000 per annum to cover the incremental costs of providing additional services as AIFM.

During the year the Management Agreement was amended to:

- change the term of adjusted NAV to mean net asset value minus uncommitted cash. Uncommitted cash means all cash on the Company's balance sheet other than committed cash. Committed cash means cash that has been allocated for repayment of a liability on the balance sheet of any member of the group.

- an additional fixed fee payable quarterly in advance with effect from 1 October 2020 to the Investment Manager of £50,000 per annum to support the administrative and accounting function, plus an additional per asset fee of £6,000 per annum in respect of each energy storage project held by the group beginning with (and including) the tenth energy storage project, calculated and payable quarterly in arrear with effect from 1 October 2020 and based on the number of energy storage assets held by the Group at each quarter end.
- a fixed fee of £10,382.97 per month payable monthly in arrear with effect from 1 October 2020 to Investment Manager for the provision of corporate services. Corporate services is defined in the side letter and is in relation to supporting the execution of investment transactions and managing third party advisors.

In addition, the following changes to the management agreement were implemented with fees being payable to the Investment Manager by each respective subsidiary:

- a short-term fee for development and management of assets through to completion of construction, for a maximum term of one and one-half years.
- During the period the Investment Manager and Company entered into a Commercial Management Agreement for the provision of the Construction Services and the Operational Services. The Investment Manager shall be entitled to receive a fixed fee of £110,750 per Development Project per annum (the "**Construction Services Fee**"), for a maximum term of 1.5 years in respect of each Development Project and in respect of the Operational Services to be provided by the Commercial Manager pursuant to this Agreement, the Commercial Manager shall be entitled to receive a fixed fee of £20,000 per Operational Asset per annum, save for the Ancala Assets in respect of which the fixed fee shall be £6,000 per annum.

The Committee reviewed the fee arrangements, compared them with comparable Investment Trusts and concluded that they were reasonable. The Committee agreed to undertake a full review of the Investment Manager's remuneration and terms and conditions in 2022.

Following its review, the Committee have determined that the Investment Manager was generally performing satisfactorily and had complied with the terms of its engagement and had met its obligations to the Company. The Committee and Investment Manager discuss opportunities for improvements in communications on an ongoing basis. The committee recommended the Investment Manager's continued appointment to the Board.

Other service providers

The Committee also review the performance of the Company's other service providers and in particular:

- Monitors compliance by providers of other services to the Company with the terms of their respective agreement from to time;
- Reviews and considers the appointment and remuneration of providers of services to the Company; and
- Considers any points of conflict which may arise between the providers of services to the Company.

The Committee also carried out a full performance review of all its service providers at its last meeting during which all terms of engagement and fees were carefully considered by the Committee.

Administrator

Sanne Group Administration Services (UK) Limited ("Sanne") served as Administrator during the period.

Under the terms of the Administration Agreement, Sanne is entitled to:

(a) an annual fee in respect of the accounting and administration services it will provide of £50,000.

(b) and,

(c) an annual value fee of:

- 0.05% of NAV to the extent that NAV is between £30m and £75m.
- 0.025% of NAV to the extent that NAV is between £75m and £150m; and,
- 0.02% of NAV to the extent that such NAV exceeds £150m.

The Committee found the Company's service providers were all performing satisfactorily and concluded that the relevant appointments should continue.

Committee evaluation

An evaluation of the Committee was undertaken as part of the overall evaluation. The Committee was found to be functioning effectively.

Patrick Cox

Committee Chair

Date: 14 July 2021

5 INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the members of Gore Street Energy Storage Fund Plc.

Opinion

We have audited the financial statements of Gore Street Energy Storage Fund Plc (the "Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;

- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process by engaging with the directors and the Investment Manager to determine if all key factors were considered in their assessment.

- We discussed with the Investment Manager and the directors whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.

- We inspected the directors' assessment of going concern, including the cash flow forecast, for the period to 31 July 2022 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the cash flow forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the cash flow forecast. We considered the appropriateness of the methods used to calculate the cash flow forecast and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.

- We confirmed through discussion with the Investment Manager and the directors that there was no utilisation of debt facilities. We corroborated these statements during our audit procedures by reviewing bank statements for unrecorded liabilities and review of contracts and agreements.

- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 31 July 2022, which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of inaccurate valuation of investments
Materiality	• Overall materiality of £1.45m which represents 1% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inaccurate valuation of investments (£80.69m, 2020: £30.41m) Refer to the Audit Committee Report (page 71); Accounting policies (page 106); and Note 17 of the Financial Statements (page 120) The accurate valuation of investments is fundamental to the Company's financial performance. The return generated by the investment portfolio is a key driver of the Company's returns. Due to the nature of the investment portfolio, being unlisted investments with no directly comparable listed investments, the underlying assumptions that drive	We performed the following procedures: Gained an understanding of the Investment Manager and directors' processes and controls surrounding investment valuations, by performing a walkthrough to evaluate the design and implementation of controls. Obtained and reviewed the valuation models to validate that the valuation methodology adopted is consistent with the requirements of IFRS and IVSC guidelines. Corroborated key revenue streams and other valuation model inputs to supporting contracts and external pricing forecasts, as applicable.	Our audit procedures did not identify any material errors regarding the valuation of investments.

the value of each asset are subjective. As a result, the valuation of the portfolio is susceptible to misstatement. The investment valuation approach requires sufficient rigour to eliminate the susceptibility of the investment valuations to bias. The valuation principles used are based on International Valuation Standards Council ("IVSC") valuation guidelines, using a discounted cash flow ("DCF") methodology.	Held discussions with the Investment Manager to understand the key drivers to the cash flow projections included in the valuation models and assessed their appropriateness based on the nature of the asset and our understanding of the relevant markets. Checked the clerical accuracy of the valuation models. Performed back testing by comparing prior year revenue and expense projections to current year actuals, to assess reasonableness of projections. Engaged EY valuation specialists to challenge the appropriateness of the discount rate used and to assess the impact of macro-economic and industry related factors in calculating the net present value of the future cash flows of each asset.	

In the prior year, our auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 continued to be relevant to our audit of the Company and we considered its impact as part of our work on going concern which is set out in this report under our conclusions relating to going concern.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1.45 million (2020: £0.49 million), which is 1% (2020: 1%) of net assets. We believe that net assets are the most important financial metric on which shareholders would judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely £0.72m (2020: £0.25m). We have set performance materiality at this percentage due to the corrected misstatements recorded by the Company during the prior year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £.072m (2020: £0.025m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Àct 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 48
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 49;
- Directors' statement on fair, balanced and understandable set out on page 76;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 39;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and;
- The section describing the work of the audit committee set out on page 71

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 53, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and the Investment Manager.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006, the Companies Act 2006, UK Corporate Governance Code, AIC Code of Corporate Governance and The Companies (Miscellaneous Reporting) Regulations 2018) and relevant tax regulations. In addition, we concluded that there are certain significant laws and regulations which may influence the determination of the amounts and disclosures in the financial statements including the Listing Rules of the UK Listing Authority.
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager, Company Secretary, and also the directors including the Chair of the Audit Committee. We corroborated our understanding through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with the Investment Manager and directors to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by the Investment Manager to manage NAV per share. We identified fraud and management override risks in relation to estimation uncertainty relating to the valuation of investments. Our audit procedures stated above in the 'Key audit matters section' of this Auditor's report were performed to address the fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 19 September 2018 to audit the financial statements for the period ending 31 March 2019 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 March 2019 to 31 March 2021.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst+Young LLP

Caroline Mercer (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

14 July 2021

6 FINANCIAL STATEMENTS

6.1 Statement of Comprehensive Income

For the Year Ended 31 March 2021

	Notes	Year Ended 31 March 2021			Year Ended 31 March 2020		
		Revenue (£)	Capital (£)	**Total (£)**	Revenue (£)	Capital (£)	**Total (£)**
Net gain on investments at fair value through profit and loss	7	-	16,205,729	**16,205,729**	-	5,585,522	**5,585,522**
Investment income	8	1,233,000	-	**1,233,000**	915,111	-	**915,111**
Administrative and other expenses	9	(2,844,035)	-	**(2,844,035)**	(1,711,360)	-	**(1,711,360)**
Profit before tax		(1,611,035)	16,205,729	**14,594,694**	(796,249)	5,585,522	**4,789,273**
Taxation	10	-	-	**-**	-	-	**-**
Profit after tax and profit for the year		(1,611,035)	16,205,729	**14,594,694**	(796,249)	5,585,522	**4,789,273**
Total comprehensive income for the year		(1,611,035)	16,205,729	**14,594,694**	(796,249)	5,585,522	**4,789,273**
Profit per share (basic and diluted) – pence per share	11			**16.06**			**11.78**

All Revenue and Capital items in the above statement are derived from continuing operations.

The Total column of this statement represents Company's Income Statement prepared in accordance with IFRS. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented.

The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issue by the Association of Investment Companies.

The notes on pages 102 to 135 form an integral part of these financial statements.

6.2 Statement of Financial Position

As at 31 March 2021

Company Number 11160422

	Notes	31 March 2021 (£)	31 March 2020 (£)
Non – Current Assets			
Investments at fair value through profit or loss	12	80,694,275	30,412,493
		80,694,275	30,412,493
Current assets			
Cash and cash equivalents	13	60,152,317	15,028,142
Trade and other receivables	14	5,364,168	4,963,527
		65,516,485	19,991,669
Total assets		146,210,760	50,404,162
Current liabilities			
Trade and other payables	15	1,075,819	713,659
		1,075,819	713,659
Total net assets		**145,134,941**	**49,690,503**
Shareholders equity			
Share capital	20	1,438,717	525,488
Share premium	20	107,713,725	19,707,058
Special reserve	20	186,656	186,656
Capital reduction reserve	20	17,446,348	25,516,500
Capital reserve	20	21,226,187	5,020,458
Revenue reserve	20	(2,876,692)	(1,265,657)
Total shareholders equity		**145,134,941**	**49,690,503**
Net asset value per share	19	1.01	0.95

Statement of Financial Position (continued)

As at 31 March 2021

Company Number 11160422

The annual financial statements were approved and authorised for issue by the Board of directors and are signed on its behalf by;

Patrick Cox
Chairman

Date: 14 July 2021

The notes on pages 102 to 135 form an integral part of these financial statements.

6.3 Statement of Changes in Equity

For the Year Ended 31 March 2021

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2020	525,488	19,707,058	186,656	25,516,500	5,020,458	(1,265,657)	49,690,503
Profit for the year	-	-	-	-	16,205,729	(1,611,035)	14,594,694
Total comprehensive profit for the year	-	-	-	-	16,205,729	(1,611,035)	14,594,694
Transactions with owners							
Ordinary shares issued at a premium during the year	913,229	89,850,900	-	-	-	-	90,764,129
Share issue costs	-	(1,844,233)	-	-	-	-	(1,844,233)
Dividends paid	-	-	-	(8,070,152)	-	-	(8,070,152)
As at 31 March 2021	**1,438,717**	**107,713,725**	**186,656**	**17,446,348**	**21,226,187**	**(2,876,692)**	**145,134,941**

Capital reduction reserve and revenue reserves are available to the Company for distributions to Shareholders as determined by the Directors.

The notes on pages 102 to 135 form an integral part of these financial statements.

Statement of Changes in Equity (continued)

For the Year Ended 31 March 2020

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2019	306,000	67,476	186,656	28,590,177	(565,064)	(469,408)	28,115,837
Profit for the year	-	-	-	-	5,585,522	(796,249)	4,789,273
Total comprehensive profit for the year	-	-	-	-	5,585,522	(796,249)	4,789,273
Transactions with owners							
Ordinary shares issued at a premium during the year	219,488	20,235,032	-	-		-	20,454,520
Share issue costs	-	(595,450)	-	13,199		-	(582,251)
Dividends paid	-	-	-	(3,086,876)		-	(3,086,876)
As at 31 March 2020	**525,488**	**19,707,058**	**186,656**	**25,516,500**	**5,020,458**	**(1,265,657)**	**49,690,503**

The notes on pages 102 to 135 form an integral part of these financial statements.

6.4 Statement of Cash Flows

For the Year Ended 31 March 2021

	Notes	Year Ended 31 March 2021 (£)	Year Ended 31 March 2020 (£)
Cash flows used in operating activities			
Profit for the year		14,594,694	4,789,273
Net profit on investments at fair value through profit and loss		(16,205,729)	(5,585,522)
Increase in trade and other receivables		(400,641)	(346,914)
Increase in trade and other payables		362,160	506,149
Net cash used in operating activities		**(1,649,516)**	**(637,014)**
Cash flows used in investing activities			
Purchase of investments		(34,076,053)	(18,344,007)
Net cash used in investing activities		**(34,076,053)**	**(18,344,007)**
Cash flows used in financing activities			
Proceeds from issue of ordinary shares at a premium		90,764,129	20,454,520
Share issue costs		(1,844,233)	(582,251)
Dividends paid		(8,070,152)	(3,086,876)
Net cash inflow from financing activities		**80,849,744**	**16,785,393**
Net increase / (decrease) in cash and cash equivalents for the year		**45,124,175**	**(2,195,628)**
Cash and cash equivalents at the beginning of the year		15,028,142	17,223,770
Cash and cash equivalents at the end of the year		**60,152,317**	**15,028,142**

During the year, interest received by the Company totaled £1,098,000 (2020: £634,192).

The notes on pages 102 to 135 form an integral part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2021

1. General information

Gore Street Energy Storage Fund plc (the "Company") was incorporated in England and Wales on 19 January 2018 with registered number 11160422. The registered office of the Company is 18th Floor, The Scalpel, 52 Lime Street, London, EC3M 7AF.

Its share capital is denominated in Pound Sterling (GBP) and currently consists of ordinary shares. The Company's principal activity is to invest in a diversified portfolio of utility scale energy storage projects primarily located in the UK and the Republic of Ireland, although the Company will also consider projects in North America and Western Europe.

2. Basis of preparation

Statement of compliance

The annual financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has also adopted the Statement of Recommended Practice issued by the Association of Investment Companies which provides guidance on the presentation of supplementary information.

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities at fair value through the profit or loss.

The Company is an investment entity in accordance with IFRS 10 which holds all its subsidiaries at fair value and therefore prepares separate accounts only.

Functional and presentation currency

The currency of the primary economic environment in which the Company operates (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider the Company to have adequate resources to continue in operational existence over the period to 31 July 2022, being at least 12 months from the date of approval of the financial statements. As such, they have adopted the going concern basis in preparing the annual report and financial statements.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

2. Basis of preparation (continued)

In our going concern assessment, we have taken into account the impact of Covid-19 and the Company's ability to generate revenue from its operational assets continues and remains largely unaffected by the pandemic. A potential key risk facing the Company is that Covid-19 may affect the ability of operators to adequately ensure operational integrity of the projects, particularly in terms of operations and maintenance. The Company and the Investment Manager have worked closely and liaised with the operators to ensure that commercial activities remain operational and, in their view, power generation will remain essential to the UK's infrastructure.

The going-concern analysis assumes continued annual expenditure at the rate of current expenditure and continued discretionary dividend payments to shareholders at the target annual rate of 7 pence per ordinary share. With expenditure and discretionary dividends assumed unchanged, the Company will continue to be operational and will have excess cash after payment of its liabilities for at least the next 12 months to 31 July 2022.

As at 31 March 2021, the Company had net current assets of £145.13 million and had cash balances of £60.15 million (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Company had no outstanding debt as at 31 March 2021.

The Directors acknowledge their responsibilities in relation to the financial statements for the year ended 31 March 2021 and the preparation of the financial statement on a going concern basis remains appropriate and the Company expects to meet its obligations as and when they fall due for at least the next twelve months to 31 July 2022.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

During the period the Directors considered the following significant judgements, estimates and assumptions:

Assessment as an investment entity
Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them unless they provided investment related services to the Company. To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;

b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows:

- the stated strategy of the Company is to deliver stable returns to shareholders through a mix of energy storage investments;

- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually; and

- the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

3. Significant accounting judgements, estimates and assumptions (continued)

Having assessed the criteria above and in their judgement, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion will be reassessed on an annual basis.

Valuation of Investments

Significant estimates in the Company's financial statements include the amounts recorded for the fair value of the investments. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Company's financial statements of changes in estimates in future periods could be significant. These estimates are discussed in more detail in note 17.

4. New and revised standards and interpretations

New and revised standards and interpretations

The accounting policies used in the preparation of the financial statements have been consistently applied during the year ended 31 March 2021.

IAS1: Presentation of Financial Statements
IAS8: Accounting Policies, Changes in Accounting Estimates and Errors

The International Accounting Standards Board has redefined its definition of material, issued practical guidance on applying the concept of materiality and issued proposals focused on the application of materiality to disclosure of other accounting policies. The amendments do not have a material impact on the Company's financial statements.

New and revised IFRSs in issue but not yet effective

In February 2021, the International Accounting Standards Board issued further amendments to IAS8: Accounting Policies, Changes in Accounting Estimates and Errors. Those amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They further clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments are effective for periods beginning on or after 1 January 2023 and having reviewed the amendments, the Board is of the opinion that these amendments will not have a material impact on the Company's financial statements.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

Investment Income

Interest income is recognised on an accrual basis in the Revenue account of the Statement of Comprehensive Income.

Investment income arising from the portfolio assets is recognised on an accruals basis in totality, with amounts received in cash recognised in investment income and the unrealised portion disclosed in net gain on investments at fair value through profit and loss.

Expenses

Expenses are accounted for on an accrual basis and charged to the Statement of Comprehensive Income. Share issue costs are taken from equity. Expenses are charged through the Revenue account except those which are capital in nature, these include those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account.

Net gain or loss on investments at fair value through profit and loss

Gains or losses arising from changes in the fair values of investments are recognised in the Capital account of the Statement of Comprehensive Income in the period in which they arise. The value of the investments may be increased or reduced by the assessed fair value movement.

Taxation

The Company is approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/29999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/29999. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

From 1 April 2015 there is a single corporation tax rate of 19%. Current Tax and movements in deferred tax asset and liability is recognised in the Statement of Comprehensive Income except to the extent that it relates to the items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

5. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods, at the tax rate expected to be applicable at realisation.

Investment in subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exception under IFRS 10 Consolidated financial statements, the Company is an investment entity and therefore only consolidates subsidiaries if they provide investment management services and are not themselves investment entities. All subsidiaries are held at fair value in accordance with IFRS 9 and therefore not consolidated.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposit held with the bank on a 32 day notice which can be readily converted to cash.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost less loss allowance which is calculated using the provision matrix of the expected credit loss model.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

Dividends

Dividends are recognised, as a reduction in equity in the financial statements. Interim equity dividends are recognised when legally payable. Final equity dividends will be recognised when approved by the Shareholders.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

5. Summary of significant accounting policies (continued)

Equity

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive Income.

Financial Instruments

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

Financial assets

The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash and trade and other receivables.

Financial asset measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

c) it is classified as held for trading (derivative contracts in an asset position).

The Company includes in this category equity instruments and loans to investments.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

5. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading of which the Company had none. The Company includes in this category, derivative contracts in a liability position.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, including short-term payables.

Recognition and derecognition

Financial assets and liabilities are recognised on trade date, when the Company becomes party to the contractual provisions of the instrument. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

5. Summary of significant accounting policies (continued)

Fair value measurement and hierarchy

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

The fair value hierarchy to be applied under IFRS 13 is as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

6. Fees and expenses

Accounting, Secretarial and Directors

JTC (UK) Limited had been appointed to act as secretary for the Company through the Administration and Company Secretarial Agreement. With effect from 1 April 2020, JTC (UK) Limited is entitled to a £50,000 annual fee for the provision of Company Secretarial services That fee will increase in line with the market capitalisation of the Company and be applied as follows:

- £55,000 per annum: market capitalisation greater than £65 million
- £60,000 per annum: market capitalisation greater than £75 million
- £65,000 per annum: market capitalisation greater than £85 million
- £70,000 per annum: market capitalisation greater than £100 million

During the year, expenses incurred with JTC (UK) Limited for secretarial services amounted to £92,150 with £12,500 being outstanding and payable at the year end. This included fees for the transfer and migration of accounting and administration services to Sanne Group (UK) Limited.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

6. Fees and expenses (continued)

Accounting, Secretarial and Directors (continued)

Sanne Group (UK) Limited ("Sanne") was appointed as administrator with effect 1 April 2020. Through an Administration agreement, Sanne is entitled to an initial establishment and take-on fee of £6,000 and then an annual fee of £50,000 for the provision of accounting and administration services based on a Company Net Asset Value of up to £30 million. An ad valorem fee based on total assets of the Company which exceed £30 million will be applied as follows:

- 0.05% on assets from £30 million to £75 million, plus
- 0.025% on assets from £75 million to £150 million, plus
- 0.02% thereafter

During the year, expenses incurred with Sanne for accounting and administrative services amounted to £63,568. There were no fees outstanding and payable at the year end.

AIFM

The AIFM, Gore Street Capital Limited (the "AIFM"), was entitled to receive from the Company, in respect of its services provided under the AIFM agreement, a fee of £75,000 per annum for the term of the AIFM agreement.

During the year, AIFM fees amounted to £75,246, there were no outstanding fees payable at the year end.

At the year end, an amount of £18,854 paid in the year to Gore Street Capital Limited in respect of these fees, is being disclosed in prepayments as it relates to the period 1 April 2021 to 30 June 2021.

Investment Advisory

The fees relating to the Investment Advisor are disclosed within note 22 Transactions with related parties.

7. Net gain on investments at fair value through profit and loss

	31 March 2021 (£)	31 March 2020 (£)
Net gain on investments at fair value through profit and loss	16,205,729	5,585,522
	16,205,729	**5,585,522**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

8. Investment Income

	31 March 2021 (£)	31 March 2020 (£)
Bank interest income	-	38,092
Investment income	1,098,000	596,100
Interest income (on advance to NEC)	135,000	248,919
Management fee income	-	32,000
	1,233,000	**915,111**

9. Administrative and other expenses

	31 March 2021 (£)	31 March 2020 (£)
Accounting and Company Secretarial fees	155,718	63,211
Audit fees (see below)	211,600	140,000
Bank interest and charges	6,810	2,074
Directors' remuneration	135,378	94,656
Directors & Officers insurance	13,431	11,183
Foreign exchange loss	1,050	1,643
Investment advisory fees	1,128,107	458,258
Irrecoverable VAT	(26,626)	400,000
Legal and professional fees	483,724	338,939
AIFM fees	75,246	101,316
Marketing fees	80,144	20,378
Performance fees	496,461	-
Sundry expenses	82,994	79,702
	2,844,035	**1,711,360**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

9. Administrative and other expenses (continued)

During the year, the Company received the following services from its auditor, Ernst & Young LLP.

		31 March 2021 (£)	31 March 2020 (£)
Audit services			
Statutory audit	Annual accounts – current year	191,100	115,000
	Annual accounts – prior year under accrual	5,000	5,000
		196,100	120,000
Non-audit services			
Other assurance services		15,500	20,000
Total audit and non-audit services		211,600	140,000

The statutory auditor is remunerated £119,000 (2020: £63,000), in relation to SPV audits. This amount is not included in the above.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

10. Taxation

The Company is recognised as an Investment Trust Company ("ITC") for accounting periods beginning on or after 25 May 2018 and is taxed at the main rate of 19%.

		31 March 2021 (£)	31 March 2020 (£)
(a)	Tax charge in profit and loss account		
	UK Corporation tax	-	-
(b)	Reconciliation of the tax charge for the year		
	Profit / (loss) before tax	14,594,694	4,789,273
	Tax at UK standard rate of 19%	2,772,992	909,962
Effects of:			
Unrealised gain / (loss) on fair value investments		(3,079,089)	(1,061,249)
Expenses not deductible for tax purposes		20,600	-
Group relief surrendered		-	103,648
Deferred tax not recognised		285,497	47,639
Tax charge for the year		-	-
Estimated losses not to be recognised due to insufficient evidence of future profits		2,142,752	640,136
Estimated deferred tax thereon 19% (2020: 19%)		407,123	121,626

As at 31 March 2021, the Company has excess management expenses that are available to offset future tax revenues. A deferred tax asset, measured at the prospective corporate rate of 19% (2020: 19%) of £407,123 (2020: £121,626) has not been recognised in respect of these expenses since they are recoverable only to the extent that the Company has sufficient future taxable revenue.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

11. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	31 March 2021	31 March 2020
Net gain attributable to ordinary shareholders	£ 14,594,694	£ 4,789,273
Weighted average number of ordinary shares for the year	90,860,919	40,669,724
Profit per share – Basic and diluted (pence)	16.06	11.78

12. Investments

	Place of business	Percentage ownership	31 March 2021	31 March 2020
GSES1 Limited ("GSES1")	England & Wales	100%	80,694,275	30,412,493

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries or equity method account for associates but, rather, recognises them as investments at fair value through profit or loss. The Company is not contractually obligated to provide financial support to the subsidiaries and associate and there are no restrictions in place in passing monies up the structure.

The investment in GSES1 is financed through equity and a loan facility available to GSES1. The facility may be drawn upon, to any amount agreed by the Company as lender, and is available for a period of 20 years from 28 June 2018. The rest is funded through equity. The amount drawn on the facility at 31 March 2021 was £59,472,534 (2020: £25,396,482). The loan is interest bearing and attracts interest at 5% per annum. Investments in the indirect subsidiaries are also structured through loan and equity investments and the ultimate investments are in energy storage facilities.

Realisation of increases in fair value in the indirect subsidiaries will be passed up the structure as distributions on the equity investment. GSES1 controls NKESS, GSC LRPOT and GSF IRE as listed below which in turn hold an interest in project companies as disclosed in the in table below.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

12. Investments (continued)

	Immediate Parent	Place of business	Percentage Ownership	Investment
GSF Albion Limited ("GSF Albion") Formerly NK Energy Storage Solutions Limited	GSES1	England & Wales	100%	
NK Boulby Energy Storage Limited	GSF Albion	England & Wales	99.998%	Boulby
Kiwi Power ES B	GSF Albion	England & Wales	49%	Cenin
GSF England Limited ("GSF England") Formerly GSC LRPOT Limited	GSES1	England & Wales	100%	
OSSPV001 Limited	GSC LRPOT	England & Wales	100%	Lower Road Port of Tilbury
GSF IRE Limited	GSES1	England & Wales	100%	
Mullavilly Energy Limited	GSF IRE	Northern Ireland	51%	Mullavilly
Drumkee Energy Limited	GSF IRE	Northern Ireland	51%	Drumkee
Porterstown Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Kilteel
Kilmannock Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Kilmannock
Ferrymuir Energy Storage Limited	GSF Albion	England & Wales	100%	Ferrymuir
Ancala Energy Storage Limited	GSF England	England & Wales	100%	Beeches, Blue House Farm, Brookhall, Fell View, Grimsargh, Hermitage, Heywood Grange, High Meadow, Hungerford, Low Burntoft
Breach Farm Energy Storage Limited	GSF England	England & Wales	100%	Breach Farm

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

12. Investments (continued)

Hulley Road Energy Storage Limited	GSF England	England & Wales	100%	**Hulley Road**
Larport Energy Storage Limited	GSF England	England & Wales	100%	**Larport**
Lascar Battery Storage Limited	GSF England	England & Wales	100%	**Lascar**

* NK Energy Storage Solutions Limited changed its name to GSF Albion Limited with effect from 16 June 2020.

** GSC LRPOT Limited changed its name to GSF England Limited with effect from 11 June 2020.

13. Cash and cash equivalents

	31 March 2021 (£)	**31 March 2020 (£)**
Cash at bank	60,152,317	15,028,142
	60,152,317	**15,028,142**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

14. Trade and other receivables

	31 March 2021 (£)	31 March 2020 (£)
VAT recoverable	359,954	72,457
Prepaid Director's and Officer's insurance	6,239	7,629
Other Prepayments	37,384	29,619
Other Debtors	76,673	66,534
Management fee income receivable	-	38,400
Advance to NEC ES	4,500,000	4,500,000
Interest on advance to NEC ES	383,918	248,918
	5,364,168	**4,963,527**

The Company advanced to NEC ES an advance of £4,500,000 on the date at which it was admitted to the Premium segment of the London Stock Exchange. The advance remains to be used in conjunction with the Company's purchase of products, equipment and / or services from NEC ES for the projects in which the Company is to be invested. The Company's purchase of such products and equipment from NEC ES is conditional upon NEC ES' ability to meet the requirements of the Company's projects and subject to the terms and pricing of the products, equipment and/or services being provided on market standard terms (as defined by the Company). The advance will be utilised against the value of products and equipment of which the Company takes possession / ownership of from NEC ES. If for example the value of the investment is £4.5 million, the fund will not pay any more.

The advance letter provided that if NEC ES did not sell to the Company products, equipment and / or services on terms agreeable to the Company to the value of the Company's advance within 12 months from the date of the Company's admission on the London Stock Exchange, NEC ES would within 14 days of the end of the such period pay to the Company:

a) the balance of the advance payment less the amount of value that has been supplied to the Company in that period; and
b) interest on the balance accrued from the date of admission at a rate of 3 per cent, per annum.

As at the end of the 12 month term in May 2019, the Company and NEC ES had not completed a sale of products, equipment and/or services. As at 31 March 2021, NEC ES has not paid back the amounts nor the interest amounts due.

Under two EPC contracts signed between NEC (UK) Limited and the Company with a contract value in excess of Euros 34 million which has now reduced to 32 million post year end, due to the recent offsets made by the Company, the Company has the option (in its discretion) to set off the £4.5 million advance against amounts due to NEC (UK) Limited. As at the date of publication the Company has offset £3.6 million of the prepayment leaving a balance of £0.87 million. The Company still demand payment of the interest totalling £0.38 million as at 31 March 2021.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

15. Trade and other payables

	31 March 2021 (£)	31 March 2020 (£)
Administration fees	25,826	15,000
Audit fees	127,400	135,000
Directors remuneration	6,669	3,124
Professional fees	529,549	129,569
Other creditors	13,003	30,966
VAT payable	370,372	400,000
	1,075,819	**713,659**

16. Categories of financial instruments

	31 March 2021 (£)	31 March 2020 (£)
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	60,152,317	15,028,142
Trade and other receivables	5,364,168	4,963,527
Fair value through profit and loss account		
Investment	80,694,275	30,412,493
Total financial assets	**146,210,760**	**50,404,162**
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	1,075,819	713,659
Total financial liabilities	**1,075,819**	**713,659**

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in equity and loans to subsidiaries which are measured at fair value.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

17. Fair Value measurement

Valuation approach and methodology

There are three traditional valuation approaches that are generally accepted and typically used to establish the value of a business; the income approach, the market approach and the net assets (or cost based) approach. Within these three approaches, several methods are generally accepted and typically used to estimate the value of a business.

The Company has chosen to utilise the income approach, which indicates value based on the sum of the economic income that an asset, or group of assets, is anticipated to produce in the future. Therefore, the income approach is typically applied to an asset that is expected to generate future economic income, such as a business that is considered a going concern. Free cash flow to total invested capital is typically the appropriate measure of economic income. The income approach is the DCF approach and the method discounts free cash flows using an estimated discount rate (WACC).

The International Valuation Standards Council ("IVSC") issued guidance in March 2020 in response to the COVID-19 pandemic.

It notes that one of the main issues when dealing with valuation is uncertainty and that valuation is not a fact, but an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process.

Valuation uncertainty can be caused by various factors, including market disruption, input availability and the choice of method or model of valuation.

The guidance issued by the IVSC was considered by the Investment Advisor in the determination of the valuations disclosed at 31 March 2021.

Valuation process

In the year, the Company acquired its first asset in Scotland, Ferrymuir with a capacity of 50MW, together with Anesco's operational portfolio, five UK companies with a total capacity of 80.7MW, bringing the Company's portfolio of lithium-ion energy storage investments to a total capacity of 440.0 MW (2020: 189.0 MW). As at 31 March 2021, 210.0 MW of the Company's total portfolio was operational and 230.0 MW pre-operational (the "Investments").

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

17. Fair Value measurement (continued)

Valuation process (continued)

The Investments comprise twenty three project, all of these are based in the UK and the Republic of Ireland. The Directors review and approve these valuations following appropriate challenge and examination. The current portfolio consists of non-market traded investments and valuations are analysed using forecasted cash flows of the assets and used the discounted cash flow approach as the primary approach for the purpose of the valuation. The Company engages external, independent and qualified valuers to determine the fair value of the Company's investments or are produced by the office of the Investment Advisor.

As at 31 March 2021, the fair value of all the investments held within the portfolio, with the exception of the of the investment in Cenin, have been determined, (presented by the Investment Advisor and reviewed) by BDO LLP and further presented to and reviewed by the Company's board of directors.

The fair value of the investment in Cenin has been determined by the Investment Advisor and presented directly to and reviewed by the Company's board of directors.

The below table summarises the significant unobservable inputs to the valuation of investments.

Investment Portfolio	Valuation technique	Significant Inputs Description	(Range)	Fair Value 31 March 2021 (£)	Fair Value 31 March 2020 (£)
Great Britain (excluding Northern Ireland)	DCF	Discount Rate	6% - 8%	49,216,281	6,732,557
		Revenue / MWH	£5.5 - £40		
Northern Ireland	DCF	Discount Rate	9.5%	23,968,276	16,138,800
		Revenue / MWH	£8 - £21		
Republic of Ireland	DCF	Discount Rate	9.5%	6,015,352	5,739,200
		Revenue / MWH	€6 - €15		
Holding Companies	NAV			1,494,366	1,801,936
Total Investments				**80,694,275**	**30,412,493**

The fair value of the holding companies represents the net assets together with any cash held within those companies in order to settle any operational costs.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

17. Fair value measurement (continued)

Sensitivity Analysis

The below table reflects the range of sensitivities in respect of the fair value movements of the Company's investments.

Investment Portfolio	Valuation technique	Significant Inputs		Estimated effect on Fair Value	
		Description	Sensitivity	31 March 2021 (£)	31 March 2020 (£)
Great Britain (excluding Northern Ireland)	DCF	Revenue	+ 10%	9,626,000	2,000,000
			- 10%	(9,846,000)	(2,200,000)
		Discount rate	+1%	(4,278,000)	(600,000)
			-1%	4,919,000	800,000
Northern Ireland	DCF	Revenue	+ 10%	4,210,000	3,400,000
			- 10%	(4,095,000)	(3,500,000)
		Discount rate	+1%	(2,407,000)	(2,400,000)
			-1%	2,787,000	2,800,000
Republic of Ireland	DCF	Revenue	+ 10%	715,000	1,900,000
			- 10%	(1,392,000)	(3,400,000)
		Discount rate	+1%	(2,999,000)	(1,900,000)
			-1%	2,787,000	2,300,000

High case (+10%) and low case (-10%) revenue information used to determine sensitivities are provided by third party pricing sources.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

17. Fair value measurement (continued)

Valuation of financial instruments

The investments at fair value through profit or loss are Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented below. No transfers between levels took place during the year.

Reconciliation	31 March 2021 (£)	31 March 2020 (£)
Opening balance	30,412,493	6,482,964
Purchases during the year	34,076,053	18,344,007
Total fair value movement through the profit and loss	16,205,729	5,585,522
	80,694,275	**30,412,493**

A minority shareholder of Boulby has a right to receive a certain share of Boulby distributions once NK Energy Solutions realises excess return over an agreed hurdle return from its investment into Boulby.

Based on free cash flow forecast used to compute the net asset value of Boulby for this period, it is not expected to reach the threshold return and thus no payment to the minority shareholder is taken into account. However, if the actual cash flow significantly exceeds the forecast cash flow used for current net asset value, a part of the excess cash flow may be distributed to the minority shareholder, impacting the ultimate fair value.

18. Financial risk management

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk is considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

18. Financial risk management (continued)

- **Capital risk management**

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated gains. The Company has no return on capital benchmark, but the Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

- **Counterparty risk**

The Company is exposed to third party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together the Group, contracts may default or fail to perform their obligations in the manner anticipated by the Group. Such counterparties may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors who have constructed the Company's projects, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the location of the assets, contractual counterparties who acquire services from the Company underpinning revenue generated by each project or the energy suppliers, or demand aggregators, insurance companies who may provide coverage against various risks applicable to the Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company is, for example, unable to recover sums owed to it, make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims) or require the Company to seek alternative counterparties, this may materially adversely impact the investment returns.

Further the projects in which the Company may invest will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of several suppliers. Therefore, the key risks during battery installation in connection with such projects are the counterparty risk of the suppliers and successful project integration. The Company accounts for its exposure to counterparty risk through the fair value of its investments by using appropriate discount rates which adequately reflects its risk exposure.

The Company regularly assesses the creditworthiness of its counterparties and enters into counterparty arrangements which are financially sound and ensures, where necessary, the sourcing of alternative arrangements in the event of changes in the creditworthiness of its present counterparties.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

18. Financial risk management (continued)

- **Concentration risk**

The Company's investment policy is limited to investment in energy storage infrastructure, which will principally operate in the UK. This means that the Company has a significant concentration risk relating to the UK energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Group's investments and consequently the Net Asset Value and may materially and adversely affect the performance of the Group and returns to Shareholders. During the year, the Company has expanded its investment base to include Northern Ireland and the Republic of Ireland. The Company intends to further limit its exposure to concentration risk through considering projects in North America and Western Europe.

- **Credit risk**

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the bank's own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all. Management has completed a high-level analysis which considers both historical and forward-looking information and based on this analysis the expected credit loss from cash and other assets is not material and therefore no impairment adjustments were accounted for. The Company recognises it has a significant exposure to the advance made to NEC as disclosed in note 14 of the £4,500,000 advance and £383,918 (2020: £248,918) associated interest on that advance, and believes that they have adequately assessed this risk and are confident that the risk of default will be low.

The Company regularly assesses its credit exposure and considers the creditworthiness of its customers and counterparties. Cash and bank deposits are held with Barclays plc, a reputable financial institution with a Moody's credit rating A2.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

18. Financial risk management (continued)

- **Currency risk**

The majority of investments, together with the majority of all transactions during the current period were denominated in Pounds Sterling.

The Company holds two investments (Kilmannock and Kilteel) in the Republic of Ireland and acquisition costs were denominated in Euros, creating an exposure to currency risk. These investments have been translated into Pounds Sterling at year end and represent 7.45% (2020: 18.87%) of the Company's fair valued investment portfolio. The contracted revenue stream due from these investments has been agreed in Pounds Sterling, thus limiting the exposure to fluctuations in exchange rates.

Any expenditure denominated in Euros will be translated into Pounds Sterling at the transaction date and any gain or loss resulting from the foreign exchange exposure will be taken to the Statement of Comprehensive Income. The Company does not hold any financial instruments at period end which are not denominated in Pounds Sterling and is therefore does not believe it is exposed to any significant currency risk.

- **Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparties, bank deposits, advances to counterparties and through loans to related parties. Bank deposits and NEC ES advance carry a fixed rate of interest for a definite period and loans to related parties carry a fixed rate of interest for an initial period of 20 years. The Company is not exposed to changes in variable market rates of interest and has therefore not considered any sensitivity to interest rates.

- **Liquidity risk**

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. Although there is no present intention to utilise borrowings, the Company may, where the Board deems it appropriate, use short term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio. Such leverage will not exceed 15 per cent. at the time of borrowing of Gross Asset Value without Shareholder approval. The Company's only financial liabilities are trade and other payables. The Company has sufficient cash reserves to cover these in the short-medium term. The Company's cash flow forecasts are monitored regularly to ensure the Company is able to meet its obligations when they fall due. The Company's investments are level 3 and thus illiquid and this is taken into assessment of liquidity analysis.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

18. Financial risk management (continued)

- **Liquidity risk**

The following table reflects the maturity analysis of financial assets and liabilities.

31 March 2021	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	60,152,317	-	-	-	60,152,317
Trade and other receivables	5,364,168	-	-	-	5,364,168
Fair value through profit and loss					
Investments	-	-	-	80,694,275	80,694,275
Total financial assets	**65,516,485**	**-**	**-**	**80,694,275**	**146,210,760**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	1,075,819	-	-	-	1,075,819
Total financial liabilities	**1,075,819**	**-**	**-**	**-**	**1,075,819**

31 March 2020	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	15,028,142	-	-	-	15,028,142
Trade and other receivables	4,963,527	-	-	-	4,963,527
Fair value through profit and loss					
Investments	-	-	-	30,412,493	30,412,493
Total financial assets	**19,991,669**	**-**	**-**	**30,412,493**	**50,404,162**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	713,659	-	-	-	713,659
Total financial liabilities	**713,659**	**-**	**-**	**-**	**713,659**

Investments include both equity and debt instruments. As the equity instruments have no contractual maturity date, they have been included with the >5 year category. Additionally, the debt instruments have an original maturity of 20 years.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

18. Financial risk management (continued)

- Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. If the market prices of the investments were to increase by 10%, there will be a resulting increase in net assets attributable to ordinary shareholders for the period of £8,069,427 (2020: £3,041,249). Similarly, a decrease in the value of the investment would result in an equal but opposite movement in the net assets attributable to ordinary shareholders. Similarly, a decrease in the value of the investment would result in an equal but opposite movement in the net assets attributable to ordinary shareholders. The Company relies on the market knowledge of the experienced Investment Advisor, the valuation expertise of the third party valuer BDO and the use of third party market forecast information to provide comfort with regard to fair market values of investments reflected in the financial statements.

19. Net asset value per share

Basic NAV per share is calculated by dividing the Company's net assets as shown in the Statement of Financial Position that are attributable to the ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

	31 March 2021	**31 March 2020**
Net assets per Statement of Financial Position	£ 145,134,941	£ 49,690,503
Ordinary shares in issue as at 31 March	143,871,681	52,548,815
NAV per share – Basic and diluted (pence)	**100.88**	**94.56**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

20. Share capital and reserves

	Share capital (£)	**Share premium reserve (£)**	**Special reserve (£)**	**Capital reduction reserve (£)**	**Capital reserve (£)**	**Revenue reserve (£)**	**Total (£)**
At 1 April 2020	525,488	19,707,058	186,656	25,516,500	5,020,458	(1,265,657)	49,690,503
Issue of ordinary £0.01 shares: 30 June 2020	30,000	2,853,000	-	-	-	-	2,883,000
Issue of ordinary £0.01 shares: 8 July 2020	216,274	20,567,624	-	-	-	-	20,783,898
Issue of ordinary £0.01 shares: 30 October 2020	66,955	7,030,276	-	-	-	-	7,097,231
Issue of ordinary £0.01 shares: 16 December 2020	600,000	59,400,000	-	-	-	-	60,000,000
Share issue costs	-	(1,844,233)	-	-	-	-	(1,844,233)
Dividends paid	-	-	-	(8,070,152)	-	-	(8,070,152)
Profit for the year	-	-	-	-	16,205,729	(1,611,035)	14,594,694
At 31 March 2021	**1,438,717**	**107,713,725**	**186,656**	**17,446,348**	**21,226,187**	**(2,876,692)**	**145,134,941**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

20. Share capital and reserves (continued)

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total (£)
At 1 April 2019	306,000	67,476	186,656	28,590,177	(565,064)	(469,408)	28,115,837
Issue of ordinary £0.01 shares: 19 August 2019	69,621	6,265,934	-	-	-	-	6,335,555
Issue of ordinary £0.01 shares: 14 October 2019	101,066	9,378,934	-	-	-	-	9,480,000
Issue of ordinary £0.01 shares: 23 October 2019	12,641	1,173,058	-	-	-	-	1,185,699
Issue of ordinary £0.01 shares: 11 February 2020	306,000	30,294,000	-	-	-	-	30,600,000
Share issue costs	-	(595,450)	-	13,199	-	-	(582,251)
Dividends paid	-	-	-	(3,086,876)	-	-	(3,086,876)
Profit for the year	-	-	-	-	5,585,522	(796,249)	4,323,262
At 31 March 2020	**525,488**	**19,707,058**	**186,656**	**25,516,500**	**5,020,458**	**(1,265,657)**	**49,690,503**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

20. Share capital and reserves (continued)

Share Issues
On 30 June 2020, the Company issued 3,000,000 ordinary shares at a price of 96.10 pence per share, raising net proceeds from the Placing of £2,883,000. Admission subsequently took place on 30 June 2020.

On 8 July 2020, the Company issued 21,627,365 ordinary shares at a price of 96.10 pence per share, raising net proceeds from the Placing of £20,783,898. Admission subsequently took place on 8 July 2020.

On 30 October 2020, the Company issued 6,695,501 ordinary shares at a price of 94.33 pence per share, raising net proceeds from the Placing of £7,097,231. Admission subsequently took place on 30 October 2020.

On 16 December 2020, the Company issued 60,000,000 ordinary shares at a price of 100 pence per share, raising net proceeds from the Placing of £60,000,000. Admission subsequently took place on 16 December 2020.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors.

Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights.

The nature and purpose of each of the reserves included within equity at 31 March 2021 are as follows:
- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues and net of conversion amount.
- Special reserve: represents a distributable reserve totalling the amount of outstanding creditors at the date of the Company's approved reduction in capital.
- Capital reduction reserve: represents a distributable reserve created following a Court approved reduction in capital.
- Capital reserve: represents a non-distributable reserve of unrealised gains and losses from changes in the fair values of investments as recognised in the Capital account of the Statement of Comprehensive Income.
- Revenue reserve: represents a distributable reserve of cumulative net gains and losses recognised Revenue account of the Statement of Comprehensive Income.

The only movements in these reserves during the period are disclosed in the Statement of Changes in Equity.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

21. Dividends

	Dividend per share	31 March 2021 (£)	31 March 2020 (£)
Dividends paid during the year			
For the 3 month period ended 31 March 2019	1 pence	-	306,000
For the 3 month period ended 30 June 2019	2 pence	-	751,243
For the 3 month period ended 30 September 2019	2 pence	-	978,657
For the 3 month period ended 31 December 2019	2 pence	-	1,050,976
For the 3 month period ended 31 March 2020	1 pence	771,761	-
For the 3 month period ended 30 June 2020	2 pence	1,543,523	-
For the 3 month period ended 30 September 2020	2 pence	2,877,434	-
For the 3 month period ended 31 December 2020	2 pence	2,877,434	-
		8,070,152	**3,086,876**

The table below sets out the proposed final dividend, together with the interim dividends paid, in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	31 March 2021 (£)	31 March 2020 (£)
Interim dividends for 2021 – 6 pence (2020: 6 pence)	7,298,391	2,780,876
Proposed final dividend for 2021 – 1 pence (2020: 1 pence)	2,792,246	771,762
	10,090,637	**3,552,638**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

22. Transactions with related parties

Following admission of the ordinary shares (refer to note 20), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below:

Directors

During the year, it was agreed to increase each of the directors' renumeration and as at 31 March 2021, Patrick Cox, Chairman of the Board of Directors of the Company, is paid a director's remuneration of £57,500 per annum, (2020: £33,000), Caroline Banszky is paid a director's remuneration of £45,000 per annum, (2020: £21,000) with the remaining directors being paid directors' remuneration of £40,000 per annum, (2020: £18,000).

Total director's remuneration and associated employment costs of £135,378 were incurred in respect of the period with £6,669 being outstanding and payable at the year end.

Investment Advisor

The Investment Advisor, Gore Street Capital Limited (the "Investment Advisor"), is entitled to advisory fees under the terms of the Investment Advisory Agreement amounting to $1/4^{th}$ of 1% of Adjusted Net Asset Value. The advisory fee will be calculated as at each NAV calculation date and payable quarterly in arrears.

For the avoidance of doubt, where there are C Shares in issue, the advisory fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

For the purposes of the quarterly advisory fee, Adjusted Net Asset Value means:

(i) for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value;

(ii) for the next two quarters, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position, plus any committed Cash on the Company's Statement of Financial Position;

(iii) thereafter, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position.

During the year, the management agreement was amended to change the term of adjusted NAV to mean net asset value minus uncommitted cash. Uncommitted cash means all cash on the Company's balance sheet other than committed cash. Committed cash means cash that has been allocated for repayment of a liability on the balance sheet of any member of the group. Investment advisory fees of £1,029,876 (2020: £403,683) were paid during the year, there were no outstanding fees as at 31 March 2021, (2020: £31,175 outstanding). During the prior period the Investment Advisor waived a portion of its fees which resulted in a reduction of 61.24% on the actual fees incurred by the Company.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

22. Transactions with related parties (continued)

Investment Advisor

In addition to the advisory fee, the Advisor is entitled to a performance fee by reference to the movement in the Net Asset Value of Company (before subtracting any accrued performance fee) over the Benchmark from the date of admission on the London Stock Exchange.

The Benchmark is equal to (a) the gross proceeds of the Issue at the date of admission increased by 7 per cent. per annum (annually compounding), adjusted for: (i) any increases or decreases in the Net Asset Value arising from issues or repurchases of Ordinary Shares during the relevant calculation period; (ii) the amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Company in respect of the Ordinary Shares at any time from date of admission; and (b) where a performance fee is subsequently paid, the Net Asset Value (after subtracting performance fees arising from the calculation period) at the end of the calculation period from which the latest performance fee becomes payable increased by 7 per cent. per annum (annually compounded).

The calculation period will be the 12 month period starting 1 April and ending 31 March in each calendar year with the first year commencing on the date of admission on the London Stock Exchange.

The performance fee payable to the Investment Advisor by the Company will be a sum equal to 10 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a calculation period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Investment Advisor shall never exceed an amount equal to 50 per cent of the Advisory Fee paid to the Investment Advisor in respect of that period. Performance fees are payable within 30 days from the end of the relevant calculation period. Performance fees of £496,461 were accrued as at 31 March 2021, (2020: £nil).

During the period the Investment Advisor provided operations management services to SPV companies resulting in charges in the amount of £686,025 (2020: £510,735) being paid by the SPV companies to the Investment Advisor.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2021

23. Capital commitments

The Company together with its direct subsidiary, GSES1 Limited entered into Facility and Security Agreements with Santander UK PLC in May 2021 for £15 million. Under these agreements, the Company acts as chargor and guarantor to the amounts borrowed under the Agreements by GSES1 Limited. As at 31 March 2021, no amounts had been drawn on this facility.

The Company had no contingencies and significant capital commitments as at the 31 March 2021.

24. Post balance sheet events

The Directors have evaluated the need for disclosures and / or adjustments resulting from post balance sheet events through to 14 July 2021, the date the financial statements were available to be issued.

The full economic impact of the COVID-19 pandemic and resulting lock-down remains difficult to assess and its full impact is not anticipated to be fully realized for the foreseeable future. The Directors have made an assessment of the impact at the current time, and are continuing to review that as described on pages 48 and 49 of this report.

Despite the COVID-19 pandemic, the Company continues to grow and has further increased the number of shares in issue to 276.2 million shares as of the date of publication (31 March 2020: 52.5 million shares), following a recent placing of £135 million to institutional investors and a retail offer through PrimaryBid.

There was also an acquisition of an 80 MW asset Stony Energy Storage Limited which occurred on 12 May 2021 and will be valued at cash paid (£2.15 million).

There were no adjusting post balance sheet events and as such no adjustments have been made to the valuation of assets and liabilities as at 31 March 2021.

Directors and Advisors

Directors

Patrick Cox - Chairman
Caroline Banszky
Malcolm Robert King
Thomas Scott Murley

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